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2005 MAINE CORPORATE INCOME TAX BOOKLET



INCLUDES FORMS:
1120A-ME
1120ME
CR (COMBINED REPORT)
1120X-ME
1120W-ME
1120ES-ME
1120EXT-ME

NEW FOR 2005 – IMPORTANT CHANGE

Corporate income tax apportionment. 36 M.R.S.A. § 5200. The corporate income tax calculation for multistate corporations has been amended. The applicable apportionment factor for each taxable corporation is applied now to the *total tax* rather than to total income prior to the calculation of the tax. The change applies to tax years beginning on or after January 1, 2005. See PL 2005, c. 457, Pt. FFF, §§1 & 2.

See Other Important Tax Law Changes on page 32



Use EZ Pay (www.maine.gov/revenue)

QUESTIONS?

C-Corporation
S-Corporation, Partnership
Individual
Withholding Tax
Sales Tax
To order forms
For general information and downloadable forms, visit our web site

207-624-9670
207-626-8475
207-626-8475
207-626-8475
207-624-9693
207-624-7894

E-mail: corporate.tax@maine.gov
E-mail: partner-scorp.tax@maine.gov
E-mail: income.tax@maine.gov
E-mail: withholding.tax@maine.gov
E-mail: sales.tax@maine.gov

www.maine.gov/revenue

Tax Fraud Hotline: 207-624-9600 Call this number or send an e-mail to compliance.tax@maine.gov to report possible tax violations, including failure to file tax returns, failure to report all income and failure to register for tax filing.

MAINE REVENUE SERVICES MISSION STATEMENT

The mission of Maine Revenue Services is to serve the citizens of Maine by administering the tax laws of the State effectively and professionally in order to provide the revenues necessary to support Maine government. To accomplish this mission, we will:

- Foster voluntary compliance with the tax laws by providing clear, complete, accurate, and timely guidance to taxpayers to help them understand and meet their responsibilities under the law.
- Maintain the highest standards of integrity, fairness, confidentiality and courtesy in everything we do.

MAINE REVENUE SERVICES PRIVACY POLICY

Maine Revenue Services (“MRS”) maintains the highest standards in handling personally identifiable taxpayer information. Taxpayers have the right to know what information is kept on file about them, to have reasonable access to it, and to receive a copy of their file. Under penalty of law, employees and agents of MRS are prohibited from willfully inspecting information contained on any tax return for any

purpose other than the conduct of official duties. In addition, MRS employees and agents are prohibited from disclosing tax information to anyone other than the taxpayer except in a limited number of very specific circumstances. No unassociated third parties may receive information pertaining to tax returns without written permission from the affected taxpayer except as allowed under 36 M.R.S.A. § 191. Communications

that do not meet the definition of tax information are subject to the general confidentiality and public inspection provisions of Maine’s “Freedom of Access” laws. When confidential taxpayer information is stored by MRS, it is kept in a secure location where it is accessible only to authorized employees and agents of MRS. If you have any questions regarding the Privacy Policy, please contact MRS at (207) 626-8475.

CORPORATIONS REQUIRED TO FILE

CORPORATIONS SUBJECT TO INCOME TAX:

Every entity (including exempt organizations) must file Form 1120ME and pay the applicable Maine corporate income tax if it meets the following criteria:

1. The entity is required to file a federal income tax return; and
2. The entity realizes Maine net income.

Maine Net Income. Maine net income is the taxpayer’s federal taxable income modified by Maine law and apportionable to Maine. A taxpayer is subject to tax if the taxpayer conducts business in Maine or owns or uses property in Maine in a corporate capacity.

NEXUS: Nexus refers to having sufficient connection with a jurisdiction to subject the corporation to taxation. Nexus is generally created by physical presence or by conducting business within the taxing jurisdiction. *See generally MRS Rule 808.*

Conducting Business in Maine. Without limitation, a corporation conducts business in Maine if it engages in any of the following activities in this state:

1. Maintains an office or other place of business;
2. Executes a contract;
3. Exercises or enforces contract rights;
4. Buys, sells, or procures services or property; or
5. Employs labor.

Owning or Using Property. Without limitation, a corporation owns or uses property in Maine if it:

1. Owns property that is held by another person in this state under a lease, consignment, or other arrangement;
2. Uses in this state property that it holds under a lease, license or other arrangement; or
3. Maintains a stock of goods in this state.

Exception for Certain Activities under U.S. Public Law 86-272. A foreign corporation that does business in Maine or owns or uses property in Maine is not subject to Maine income tax if its only activities in Maine are those set forth as exempt in U.S. P.L. 86-272 (15 U.S.C §§ 381-384).

a. Solicitation Activities. P.L. 86-272 precludes Maine from imposing a tax on the income of a foreign corporation if the sole activity of the corporation in this State is the solicitation by the corporation’s

representatives (in the name of the corporation or in the name of a prospective customer) of orders for the sale of tangible personal property, provided that the orders are sent outside of the State of Maine for approval or rejection, and provided that the orders are filled by shipment or delivery outside of Maine.

Limitations. P.L. 86-272 restricts a state’s tax jurisdiction with respect to sales solicitation activities only if the taxpayer’s activity is limited to solicitation of orders for the sale of **tangible personal property**. P.L. 86-272 does not afford protection in the following circumstances:

1. A **combination** of solicitation activities and non-solicitation activities in Maine;
2. The solicitation of orders for the sale or provision of **services**, either standing alone or in combination with the solicitation of orders for tangible property. Some examples of the combined sale of services and tangible personal property are photographic development and the provision of architectural or engineering services; and
3. The solicitation of orders for the sale, lease, rental, license, or other disposition of **real property** or **intangibles**.

b. De Minimis Activities. Non-solicitation business activities conducted by a corporation in Maine will not subject the corporation to taxation if the activities, taken together, are *de minimis*.

For additional information, see MRS Rule 808 by going to www.maine.gov/revenue and selecting Laws and Rules.

CORPORATIONS NOT SUBJECT TO MAINE CORPORATE INCOME TAX:

The following corporations are not subject to Maine corporate income tax: S corporations (except those with federal taxable income at the corporate level); insurance companies that are subject to, or would be subject to, tax under 36 M.R.S.A. §§ 2512 - 2528 (insurance premium tax and fire investigation and prevention tax), except insurance companies that operate HMOs (*see* 36 M.R.S.A. §§ 5102(6) and 5202-C); and banking institutions that are subject to franchise tax (*see* b below). Corporate **small business investment companies**, licensed under the

United States Small Business Investment Act of 1958 that are commercially domiciled in Maine and do business primarily in Maine are also not subject to this tax.

a. LIMITED LIABILITY COMPANIES. Maine law allows for the formation of limited liability companies. It provides that a domestic LLC or foreign LLC doing business in Maine is classified as a partnership for Maine income tax purposes, unless classified otherwise for federal income tax purposes, in which case the LLC is classified in the same manner for Maine income tax as for federal income tax purposes.

b. BANKING INSTITUTIONS SUBJECT TO FRANCHISE TAX. Every corporation that is a financial institution (except a credit union) any service corporation or subsidiary as defined in 9-B M.R.S.A. § 131, and any financial institution holding company that is doing business in this state must file Form 1120B-ME and pay Maine franchise tax. This requirement also applies to any financial institution organized as an S corporation, partnership, or entity disregarded as separate from its owner. **Do not use Form 1120ME.** Franchise Tax Form 1120B-ME and instructions are available by going to www.maine.gov/revenue/forms.

FILING REQUIREMENTS FOR S CORPORATIONS AND PARTNERSHIPS:

S corporations and partnerships, except financial institutions, that have Maine-source income or that have resident shareholders or partners are required to file an information return consisting of Form 1065ME/1120S-ME and a copy of the federal return. If you are filing a return for an S corporation that is not subject to tax at the corporate level, do not file Form 1120ME.

Shareholders and partners are subject to Maine income tax. Those who are nonresident individuals and who have no other Maine-source income may satisfy the filing requirement with a composite return. In that event, the entity must file a return on behalf of its nonresident shareholders or partners using Form 1040ME labeled “composite return,” Form 1040C-ME and Schedule NRC. For additional information, *see MRS Rule 805* and instructions on the MRS web site.

S corporations that incur federal taxable income (e.g. certain capital gains and certain built-in gains) at the corporate level are required to file Form 1120ME and report only the income that is taxed at the corporate level for federal purposes.

UNITARY BUSINESS COMBINED REPORTING

WHO MUST FILE A COMBINED REPORT (FORM CR)?

Taxable corporations that are members of an affiliated group engaged in a multi-corporate unitary business must file a combined report based on the federal taxable income of the unitary business. **See MRS Rule 810.** Corporations that are part of a unitary business but are not required to file a federal income tax return are to be excluded from the combined report.

The combined report must indicate which corporate members have nexus with Maine, and it must include, both in the aggregate and by corporation, the federal taxable income, allowable adjustments, state modifications provided by 36 M.R.S.A. § 5200-A, and sales, payroll, and property values in Maine and everywhere.

Maine defines **affiliated group** to mean a group of two or more corporations of which more than 50% of the voting stock of each member corporation is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member corporations.

A **UNITARY BUSINESS** is one that is characterized by unity of ownership, functional integration, centralization of management, and economies of scale. The cumulative effect of these characteristics is analyzed to determine if affiliated businesses are unitary.

UNITY OF OWNERSHIP is generally demonstrated when 50% or more of the voting stock is owned directly or indirectly by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

CENTRALIZED MANAGEMENT is indicated when directors, officers, and/or other management personnel jointly participate in management decisions that affect the respective companies. Centralized management still exists when day-to-day management responsibilities are decentralized, as long as the overall strategy of the whole group is affected centrally. Other indicators of centralized management include managing to ensure that the business segments are operated for the benefit of the entire group and not just for their own individual interest, transferring knowledge and expertise among the segments, adhering to common standards of professionalism, profitability and/or ethical practices, and transferring or rotating officers or other management employees among the business segments.

FUNCTIONAL INTEGRATION refers to transfers between, or pooling among, business segments that significantly affect the business operations of the segments. There is no specific type of functional integration that must be present. Facts suggesting the presence of functional integration should be analyzed for their cumulative effect and not in isolation. Functional integration can be illustrated by: common marketing; intercompany sales; exchanges or transfers of products, services or intangibles; common distribution systems; common purchasing; etc.

ECONOMIES OF SCALE exist when companies interact to achieve, or have the potential to achieve, a decrease in the cost of production or in the cost of administrative functions due to the increase in size of the interaction. Economies of scale may exist from the inherent cost savings that arise from the presence of functional integration or centralization of management.

A unitary determination is made by reviewing all the business activities of an affiliated group. A **flow of value** arising from these activities is indicative of multi-corporate unity. To help you determine whether your business operates in a unitary manner, a unitary business questionnaire is available at www.maine.gov/revenue/forms. Select Corporate Income Tax under the Income/Estate Tax category.

MAINE CORPORATE INCOME TAX OF A UNITARY BUSINESS is determined by apportioning the gross tax of those members of the unitary business that are subject to Maine taxation.

RETURNS: Corporate members of unitary businesses may file a single combined return or separate corporate returns. A single combined return must be filed in the name of the parent corporation if the parent is a member of the unitary business and has nexus with Maine. If there is no parent company or the parent company is not a member of the unitary business or does not have nexus with Maine, the unitary business must choose a Maine taxpayer member to file the return. Once selected, the filing member must remain the same in subsequent years unless changes in that member's ownership or nexus occur. Unitary members who have nexus with Maine may file separate returns with their income tax based on the combined report of the unitary business. A copy of the combined report must be attached to each of the separate returns. The apportionment factor of the unitary business is then used to compute the Maine income tax of the individual member filing a separate return.

The lower, preferential tax rates may be applied to a separate filer if agreed to by the entire unitary group. The remaining tax liability is then applied to the rest of the unitary group. A schedule showing the income tax assigned to each filer must be submitted with each return. Any tax credits generated by a taxable corporation engaged in the unitary business must be applied against the Maine income tax liability of that corporation only, unless otherwise permitted by law.

DIFFERING YEAR-END DATES: Members of a unitary business with differing year-end dates must file using the filing member's taxable year to determine the adjusted federal taxable income of the unitary business. If the precise amount of a unitary member's income can be readily determined from the books for the months involved in the filing member's taxable year, those actual amounts are to be used. In the absence of a precise determination, the income of a unitary member must be converted to conform to the taxable year of the filing member on the basis of the number of months falling within the applicable taxable year. For example, if the filing member operates on a calendar year and a unitary member includible in the combined report operates on a fiscal year ending on February 28th, it is necessary to assign 10/12 of that member's income from the current taxable year and 2/12 of the income from the preceding taxable year in order to arrive at a full twelve months' income to be included in the combined report (this method may be used only if the return can be timely filed after the member's taxable year ends). Alternatively, all of the income from the unitary member's taxable year ending during the taxable year of the filing member may be used. Whichever method for calculating adjusted federal taxable income is used, that method must be used for all years that the unitary member must file. Once the combined taxable income of the unitary business is determined on the basis of the filing member's taxable year, the apportionment factor must be computed on the basis of the same taxable year.

For more information on unitary business and combined reporting, see MRS Rule 810. Go to www.maine.gov/revenue/rules.

GENERAL INSTRUCTIONS

1. DATE FOR FILING RETURN: Corporations reporting for the calendar year 2005 are required to file, with payment, on or before March 15, 2006. Fiscal year taxpayers are required to file, with payment, on or before the 15th day of the third month following the close of the taxable year.

2. EXTENSIONS FOR FILING: A State of Maine extension request form is not required. If you are unable to file your return by the original due date of the return, Maine allows an automatic seven-month extension of time to file.

CAUTION: An extension to file your Maine return is not an extension to pay your tax!

If you owe tax, you must pay at least 90% of that amount by the original due date for filing your return and the remaining 10% must be paid when the return is filed by the extended due date to avoid the failure-to-pay penalty. Interest will be charged on **any** tax paid after the original due date of your return.

Remit your estimated tax payment with the Maine Extension Tax Payment Voucher for Corporations (Form 1120EXT-ME), located in this booklet, by the original due date for filing your Maine return to: Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.

3. PAYMENT OF CORPORATE INCOME TAX: All corporations subject to income taxes must make payments of estimated tax unless the liability for the current taxable year or for the prior tax year reduced by allowable credits is less than \$1,000. See instructions for Form 1120ES-ME for details.

4. INTEREST: Beginning January 1, 2006, interest at 10% per annum, compounded monthly, will be added to the balance of any tax due from the original due date to the date of payment and should be included with any payment.

5. PENALTIES:

a. Underpayment of estimated tax penalty. Beginning January 1, 2006 the penalty is 10% per annum, compounded monthly. The penalty rate for January 1, 2005 through December 31, 2005 is 8%, compounded monthly. The penalty will be assessed if the sum of quarterly estimated tax payments is not at least equal to the lesser of the previous year's Maine income tax liability or ninety percent (90%) of the tax liability for the current year. Exception: certain large corporations cannot use the previous year's liability in determining the required amount of estimated tax payments.

b. Late filing and late payment penalties. If a past due return is filed before the receipt, or within 30 days of the receipt, of a demand notice, the penalty for failure to file is the greater of \$25 or 10% of the amount of tax due. If the return is filed more than 30 days after the receipt of a de-

mand notice, the failure-to-file penalty increases to 100% of the tax otherwise due.

For failure to pay a tax liability, the penalty is 1% of the tax liability for each month the payment is delinquent, up to a maximum of 25%.

c. Other penalties. The law also provides for penalties for substantial understatement of tax, negligence, fraud, and for payment of tax by check that is returned for insufficient funds.

6. ACCOUNTING PERIOD COVERED BY RETURN: Your Maine return covers the same accounting period as your federal corporate return. If the taxable years of the members of a unitary business group differ, *see MRS Rule 810.05* and page 3 of this booklet, "Differing year-end dates."

7. ACCOUNTING METHODS: A taxpayer's accounting method for Maine income tax purposes must be the same as that used for federal income tax purposes.

8. ADDITIONAL FORMS TO ACCOMPANY STATE RETURN:

a. The Maine corporate return must be accompanied by a legible copy of the corporation's federal return, Form 1120, pages 1 through 4, for the same taxable period. If the corporation is a member of a **federal consolidation**, the federal return, Consolidated Form 1120, pages 1 through 4, must be provided.

b. Corporations subject to Maine corporate income tax that are members of an affiliated group as defined by Maine law, and operating in a unitary business, **must complete Form CR, along with an affiliation schedule.** Exempt organizations filing the Maine corporate return, Form 1120ME, must attach a legible copy of the corporation's federal return, Form 990T.

9. FEDERAL AUDIT CHANGES AND AMENDED RETURNS: Taxpayers must file Maine amended returns for any change or correction by the Internal Revenue Service in federal taxable income within 90 days after final determination of such change or correction. Attach a copy of the Internal Revenue Agent's report with all supporting schedules to your Maine amended return, Form 1120X-ME.

Taxpayers filing amended federal income tax returns must, within 90 days, file amended Maine income tax returns with copies of federal Form 1120X. When filing returns that reflect federal net operating losses, a copy of federal Form 1139 must be attached.

In addition, an amended Maine income tax return is required to correct errors on a previously filed return. The amended return must be filed within 90 days of the discovery.

10. MAINE SALES AND USE TAX INFORMATION: Taxable items bought from out-of-state sellers that do not collect Maine sales tax are subject to a use tax. The use tax equals 5% of the purchase price where no sales tax has been paid. Use tax is also due on mail orders where there was no Maine sales tax collected. There is no use tax liability on purchases where sales tax has been **paid** to states with a sales tax rate equal to or greater than the Maine sales tax rate. Nor is there any use tax liability if the purchase would have been exempt if purchased in Maine. If you are registered for sales/use tax purposes and are receiving returns, report the purchases on the applicable "Taxable Purchases" line of that return. Call 207-624-9693 if you have questions about Maine Use Tax Law.

11. MAINE EZ PAY: You may now pay your corporate income tax electronically at www.maine.gov/revenue. Electronic payments eliminate the necessity of filing forms 1120EXT-ME (corporate income tax extension payment voucher) as well as 1120ES-ME (corporate income tax estimated payment vouchers). Maine EZ Pay is an online application that was created to allow Maine taxpayers to make payments online, quickly and easily. Almost any type of tax payment can be made, including withholding and unemployment and sales tax. For convenience, payments may be scheduled in advance and will automatically be withdrawn on the payment date the taxpayer selected. Taxpayers must pre-register online.

Corporate taxpayers may also make electronic payments using the ACH Credit Method. This means that you can electronically transfer funds from your bank account to the State of Maine. This ACH payment method requires an application to participate.

Taxpayers with an annual corporate liability of \$400,000 or more are mandated by MRS Rule 102 to pay electronically. You will be notified if mandated.

To obtain an application, a copy of the rule, or to get more information, call 207-287-8276 or write: EFT Unit, Maine Revenue Services, 24 State House Station, Augusta, ME 04333-0024. The ACH application and MRS Rule 102 can also be downloaded at www.maine.gov/revenue/rules.

Penalty for failure to pay by electronic funds transfer. Any person required to pay by electronic funds transfer who fails to do so is liable for a penalty equal to the lesser of 5% of the tax due or \$5,000.

Penalty for insufficient funds. The penalty for insufficient funds also applies to electronic funds transfers. The penalty is \$20 or 1% of the payment amount, whichever is greater.

12. OVERPAYMENT OFFSETS: Maine Revenue Services will offset tax overpayments, including those designated to be carried forward, in order to satisfy an existing debt with MRS or any other state agency.

MAINE CORPORATE INCOME TAX RETURN - SHORT FORM (1120A-ME)

WHEN TO USE SHORT FORM: You may use the 1120A-ME Short Form if you meet all of the following criteria:

- You have no apportionment of tax because 100% of your business activity is conducted in Maine.
- Your only adjustments to income are for Maine income taxes, bonus depreciation/§179 expense and domestic production deduction.

- You are not a member of an affiliated group filing a separate return.
- You do not file a combined return.
- You do not pay Pass-through Entity withholding.
- You are not required to pay Maine Minimum Tax.
- You claim no tax credits other than extension payments or estimated payments (no real estate withholding payments).

IF YOU DO NOT MEET THESE REQUIREMENTS, THEN FORM 1120ME MUST BE FILED.

HOW TO USE SHORT FORM: The line numbers on this form correspond to the line numbers on Form 1120ME, Maine Corporate Income Tax Form (long form). See the Specific Instructions for Form 1120ME for guidance on how to complete each line on this Short Form.

MAINE CORPORATE INCOME TAX RETURN (1120ME)

SPECIFIC INSTRUCTIONS

Line A. FEDERAL CONSOLIDATED INCOME: If the federal filing was part of a federal consolidated return, enter the amount from federal Form 1120, line 30 here.

Line 1. FEDERAL TAXABLE INCOME:

Enter federal taxable income from line 30 of federal Form 1120 or line 26 of federal Form 1120A, unless the corporation is an S corporation. For S corporations, the corporate level federal taxable income is entered. Corporations that are members of an affiliated unitary business group should refer to the "Combined Reporting Instructions" on pages 3 and 10. Real estate investment trusts (REITs) enter amount from federal Form 1120-REIT, line 22. A corporation that is an affiliate of a federal consolidated filing, but not a member of a unitary business group, must enter federal taxable income that is solely attributable to the corporation.

NOTE: Amounts added or subtracted from federal taxable income are the net amounts included (or excluded for purposes of addition) in federal taxable income.

Line 2a. NONTAXABLE INTEREST: Enter interest on U.S. bonds, U.S. Treasury notes, or other obligations of the U.S. government which, by law, are exempt from state taxes, but taxable by the federal government. Also include interest from bonds issued by the State of Maine or Maine municipalities if taxed on the federal return. Taxpayers may subtract from federal taxable income interest income and capital gains from the sale of bonds issued by the Maine Waste Management Agency to the extent included in federal taxable income.

Line 2b. FOREIGN DIVIDEND GROSS-UP: Enter the amount from federal Form 1120, Schedule C, line 15.

Line 2c. WORK OPPORTUNITY CREDIT AND EMPOWERMENT ZONE CREDIT DEDUCTION: Enter on this line an amount equal to your federal Work Opportunity Credit salaries and wages deduction from federal Form 5884, line 2 and/or federal Empowerment Zone Credit salaries and wages deduction from federal Form 8844, line 2.

Line 2d. INCOME NOT TAXABLE UNDER THE CONSTITUTION OF MAINE OR THE

U.S.: Enter income this state is prohibited from taxing under the constitution or laws of the United States or the constitution of the State of Maine, to the extent included in federal taxable income. The amount must not be otherwise deducted and must be decreased by any expenses incurred in the production of that income to the extent that these expenses are deductible in determining federal taxable income. **Attach a worksheet detailing the amount claimed on this line.**

Line 2e. DIVIDENDS FROM AFFILIATED CORPORATIONS:

Enter 50% of all apportionable dividends from affiliated corporations that are not included by the taxpayer in a Maine combined report. Dividends must be included in federal taxable income, line 1. In order to be affiliated, a corporation must be more than 50% owned. Although this may include domestic entities, most affiliated corporations not included in a combined report are foreign entities.

Line 2f. NET OPERATING LOSS DEDUCTION CARRYOVER:

If you have a net operating loss for tax years beginning in 1989 through 1992, beginning or ending in 2001 or beginning in 2002 or later, that was carried back for federal purposes, but added back to income under § 5200-A(1)(H) or § 5200-A(1)(M), you are allowed a deduction on this line equal to the amount of the income addition required for Maine income tax purposes. However, the deduction must be within the allowable NOL carryover period, cannot reduce Maine taxable income to less than zero and must not have been previously used as a modification. For more information and examples, visit www.maine.gov/revenue/incomeestate and select Guidance Documents.

Line 2g. INCOME FROM OWNERSHIP INTEREST IN FLOW-THROUGH ENTITY FINANCIAL INSTITUTIONS SUBJECT TO MAINE FRANCHISE TAX:

Financial institutions are subject to Maine's franchise tax, regardless of organizational structure. If federal taxable income includes income from ownership of a financial institution that is a flow-through entity (partnership, S corporation, entity disregarded as separate from its owner), enter the amount on this line. Attach federal Schedule K-1 reporting this amount.

Line 2h. STATE INCOME TAX REFUNDS:

Enter the amount of state income tax refunds included in federal taxable income provided the amount has already been taxed by Maine. This

modification may not reduce federal taxable income to less than zero, and the amount refunded from this state or another state must not have been previously used as a modification. Any unused portion of the modification may be carried forward 20 years.

Line 2i. NORTHERN MAINE TRANSMISSION CORPORATION ADJUSTMENT:

Beginning September 18, 1999, bonds, notes, other evidences of indebtedness; interest and profits from bonds, notes, other evidences of indebtedness; and any other income or money of the Northern Maine Transmission Corporation are exempt from state income tax.

Line 2j. BONUS DEPRECIATION/SECTION 179 EXPENSE RECAPTURE.

Amounts added to income in prior years under 36 MRSA § 5122(1)(N) may be recaptured over the life of the applicable asset. For property placed in service in 2002, addition modifications may be recaptured in equal amounts over the remaining life of the asset beginning in 2004. For assets placed in service in 2003 and after, 5% of the addition modification is recaptured in the year after the assets were placed in service, with the remaining 95% recovered in subsequent tax years, in equal installments, over the remaining life of the applicable asset. For more information and examples, visit www.maine.gov/revenue/incomeestate and select Guidance Documents.

Line 4a. INCOME TAXES IMPOSED BY MAINE OR ANY OTHER STATE:

Maine does not permit a deduction for income taxes imposed by Maine or any other state. Enter income taxes taken as a deduction on federal Form 1120 or 1120A.

Line 4b. UNRELATED EXPENSES:

If the corporation listed on this return is part of a federal consolidated group, but filing separately for Maine and is not a member of a unitary business group, any expenses incurred by the corporation on behalf of subsidiaries or other members of a group that are not included on this return must be added back. **Attach supporting schedules.**

Line 4c. INTEREST FROM STATE AND MUNICIPAL BONDS OTHER THAN MAINE:

Corporations must, for Maine income tax purposes, increase federal taxable income by income from state and municipal bonds that originate outside Maine.

SPECIFIC INSTRUCTIONS (1120ME) - continued

Line 4d. NET OPERATING LOSS RECOVERY ADJUSTMENT: Enter on this line an amount equal to any net operating loss carryover deduction claimed in this taxable year which has previously been used to offset Maine modifications to federal taxable income in accordance with 36 M.R.S.A. § 5200-A(1). See example below.

Also, refer to the instructions for Form 1120ME line 2j, above.

Line 4g. OTHER. Include on this line the following items:

LOSS, EXPENSES, OR DEDUCTIONS
FROM OWNERSHIP INTEREST IN

The following example illustrates the NOL Carryover Adjustment under 36 MRSA § 5200-A(1)(C):

Corresponding Line on Maine Return	NOL Year 2003	Carryforward 2004	Years 2005
Federal taxable income prior to NOL deduction	- 60,000	35,000	25,000
		- 35,000	-25,000
1. FTI after NOL deduction	- 60,000	0	0
Addition Modifications:			
4d. 5200-A (1)(C)			10,000
4x. Other	10,000	-10,000	8,000
5. Adjusted Federal Taxable Income	-50,000	\$ 10,000	18,000

Of the original \$60,000 loss in 2003, the entire amount is carried forward for federal purposes. In 2004, \$35,000 of the 2003 loss is used to offset income. In 2005, the remaining \$25,000 federal loss from 2003 is used to reduce FTI. However, since \$10,000 of Maine addition modifications were already offset in the year of the loss, that amount cannot be used again. Therefore, a \$10,000 Maine addition modification is required in 2005 to prevent that amount from offsetting income a second time. For additional information concerning the NOL recovery adjustment, see www.maine.gov/revenue and select Income/Estate Tax. Also, see page 13 for information regarding federal NOL carry-backs and the related Maine adjustments.

Line 4e. DOMESTIC PRODUCTION ACTIVITIES DEDUCTION ADD-BACK: Federal taxable income must be increased by the amount claimed as a domestic production activities deduction. Enter the amount from federal Form 1120, line 25. For more information, visit www.maine.gov/revenue/incomeestate and select Guidance Documents.

Line 4f. BONUS DEPRECIATION/SECTION 179 EXPENSE ADD-BACK: Federal taxable income must be increased by the net effect of the following amounts reflected in federal taxable income: 1) 30% bonus depreciation; 2) 50% bonus depreciation; and 3) increase in section 179 expense due to federal changes (deduction limit increase from \$25,000 to \$100,000; phase-out threshold increase from \$200,000 to \$400,000; and certain off-the-shelf computer software includable as eligible property) enacted in 2003. The amount of this modification is determined by first recalculating the depreciation deduction and section 179 expense on federal Form 4562 exclusive of all bonus depreciation and the section 179 expense increases listed above. Enter on line 4g the difference between this recalculated depreciation/section 179 expense and the original depreciation/section 179 expense claimed for federal income tax purposes. **If the difference is less than zero, enter zero.**

Enclose both the actual and pro forma versions of federal Form 4562 with the Maine return. Property expensed under the provisions of section 179 at the federal level cannot be capitalized for Maine purposes. For more detailed information with examples, visit www.maine.gov/revenue/incomeestate and select Guidance Documents.

FINANCIAL INSTITUTIONS SUBJECT TO MAINE FRANCHISE TAX: All financial institutions are subject to Maine's franchise tax, regardless of the entity's organizational structure. If federal taxable income includes a loss, expense, or deduction from ownership of a financial institution that is a pass-through entity (partnership, LLC, S corporation, entity disregarded as separate from its owner), enter the amount on this line. Attach federal Schedule K-1 to verify this amount.

HIGH-TECHNOLOGY CREDIT ADD-BACK: Federal taxable income must be increased by the amount of investment credit base used for the high-technology credit also claimed as a business expense for federal income tax purposes.

Line 5. ADJUSTED FEDERAL TAXABLE INCOME. Beginning in 2005, Maine no longer apportions income for multistate corporations. Instead, Maine tax is determined by applying the Schedule A apportionment percentage against the total tax calculated on the corporation's adjusted federal taxable income. See lines 6 and 7a instructions below.

Line 6. GROSS TAX: For tax years beginning in 2005, the Maine corporate tax rates are:

If adjusted federal taxable income is:

Greater Than	But not over	The gross tax is:
\$ 0	\$ 25,000	3.5% of federal taxable income
25,000	75,000	\$875 plus 7.93% of the excess over \$ 25,000
75,000	250,000	\$4,840 plus 8.33% of the excess over \$ 75,000
250,000	or more	\$19,418 plus 8.93% of the excess over \$250,000

NOTE: Beginning in 2005, Maine now apportions the total tax for multistate corporations rather than apportioning the income. See line 7a instructions below.

Line 7a. MAINE CORPORATE INCOME TAX: A corporation that is not part of an affiliated-unitary business group and has income solely from business activity within Maine must enter the amount from line 6 on line 7a. A corporation having income from within and outside the state must apportion tax on Schedule A and enter on this line the amount shown on line 17 of Schedule A. All corporations that are members of a unitary business group must also complete Form CR. See combined reporting instructions on pages 3 and 10 of this booklet.

Line 7b. MINIMUM TAX: A minimum tax may be imposed, for each taxable year, upon every corporate taxpayer required to file a Maine corporate income tax return. Complete Schedule B to compute the amount to be entered on this line.

Lines 8a and b. CREDITS: Enter estimated tax payments and extension payments made for the tax year. If claiming real estate withholding payments on line 8a, you must attach Form REW-1. Include on this line any overpayment carried over from previous years and applied to this year.

Line 8c. OTHER CREDITS: Enter the amount from Schedule C, line 29p. The amount on this line cannot exceed the tax liability on line 7a of Form 1120ME.

Line 8d. INCOME TAX WITHHELD: Enter on line 8d only the amount of withholding credited to the corporation through the Maine pass-through entity withholding requirement. The amount claimed on this line must be substantiated by the attachment of a year-end Form 1099ME issued by the pass-through entity.

Line 9b. PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX: If the estimated tax was underpaid, complete and attach Form 2220ME to the corporate return. A copy of Form 2220ME is available at www.maine.gov/revenue/forms.

Line 11a. AMOUNT OF LINE 10 YOU WISH CREDITED: Use this line only if you want to have all or part of the overpayment on line 10 applied as a payment to your next year's estimated Maine corporate income tax.

Line 11b. AMOUNT TO BE REFUNDED: Enter here the difference between lines 10 and 11a. Refunds of \$1.00 or more will be mailed to you.

IMPORTANT: IF ALL REQUIRED LINES AND SCHEDULES (INCLUDING FORM CR) ARE NOT COMPLETED, THE RETURN IS INCOMPLETE AND WILL NOT BE CONSIDERED A FILED RETURN. ALSO, PAGES 1 - 4 OF THE FEDERAL RETURN MUST BE ATTACHED TO YOUR MAINE CORPORATE RETURN.

SCHEDULE A GENERAL INSTRUCTIONS

NOTE: Maine law has changed. Starting with tax year 2005, Maine now apportions the corporation's aggregate tax rather than the aggregate income.

Schedule A is for corporations engaged in interstate business. Maine employs a three-factor formula to determine the percentage of corporate income tax that is apportioned to Maine. This percentage is derived from a fraction, the numerator of which is the property factor plus the payroll factor plus twice the sales factor, and the denominator of which is four (36 M.R.S.A. §§ 5210-5211 and MRS Rule 801). If the apportionment provisions do not fairly represent the extent of the taxpayer's business activity in Maine, the taxpayer may petition for, or the State Tax Assessor may require, in respect to all or any part of the taxpayer's business activity:

- (a) Separate accounting;
- (b) The exclusion of any one or more of the factors;
- (c) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in Maine; or
- (d) The employment of any other method to effectuate an equitable apportionment of the taxpayer's income tax.

"Tax period," referred to in the instructions for lines 12, 13 and 14, means the period represented by adjusted federal taxable income on line 5 of Form 1120ME.

"Sales" means all gross receipts including trade sales, dividends, interest, rents, and royalties. **See MRS Rule 801.08(B).** Sale of a partnership interest, on or after July 1, 2005, by a corporation engaged in a multistate business activity is attributed to Maine to the extent of the ratio of the partnership's tangible property located in Maine to tangible property located everywhere, determined based on original cost.

Corporations that are members of a unitary business group, see additional instructions on pages 3 and 10.

Corporations that have an ownership interest in a pass-through entity must include aggregate distributions from that entity in the apportionment formula.

If one factor is excludable from the apportionment formula, the weighting of the two remaining factors must be changed. A factor is excludable only if both the numerator and denominator are zero, but is not excludable merely because the numerator is zero. When excluding the sales factor, change the weight of the payroll and property factors to 50% (0.5) each. When excluding either the payroll or property factor, change the weight of the sales factor to 66.67% (0.6667) and the weight of the remaining factor to 33.33% (0.3333). If two factors are excludable from the apportionment formula, change the weight of the remaining factor to 100%. If you are excluding any factors, attach a schedule detailing the factors used and the apportionment computation. If the total of column C, lines 12, 13 and 14, does not equal the amount you enter on line 15, your tax liability will not be computed accurately.

See generally MRS Rule 801 for apportioning tax and income.

SCHEDULE A SPECIFIC INSTRUCTIONS

MUTUAL FUND SERVICE PROVIDERS

may elect to apportion income tax to Maine using a sales-only formula. Check the box on Schedule A if you qualify and are making this election. The choice is irrevocable for five years. Taxpayers electing the special apportionment may not be included in Form CR.

Line 12. SALES FACTOR: The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in Maine during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

Sales of tangible personal property are attributed to Maine if (1) the property is delivered or shipped to a purchaser, other than the United States Government, in Maine, regardless of the F.O.B. point or other conditions of the sale, or (2) the property is shipped from an office, store, warehouse, factory or other place of storage in Maine and the purchaser is the United States Government or the taxpayer is not taxed in the state of the purchaser.

Sales, other than sales of tangible personal property, are attributed to Maine if (1) the sale is a sale of a partnership interest, (2) the income-producing activity is performed in this state, or (3) the income-producing activity is performed both in and outside Maine and a greater proportion of the income-producing activity (based on costs of performance) is performed in this state than in any other state.

Note: Beginning in 2005, the sale of a partnership interest is attributed to Maine to

the extent of the ratio of the partnership's tangible property located in Maine to tangible property located everywhere, determined based on original cost. If more than 50% of the partnership's assets consist of intangibles, determine the amount attributable to Maine by using the sales factor of the partnership.

Line 13. PAYROLL FACTOR: The payroll factor is a fraction, the numerator of which is total compensation paid in Maine during the tax period by the taxpayer, and the denominator of which is total compensation paid everywhere during the tax period. "Compensation" means wages, salaries, commissions and any other form of remuneration to employees for personal services, including deferred compensation. Compensation is paid in Maine if (1) the individual's service is performed entirely within this state; (2) the individual's service is performed both within and outside Maine, but the service performed outside the state is incidental to the individual's service within Maine; or (3) some of the service is performed in this state, the base of operations (or, if there is no base of operations, the place from where the service is directed or controlled) is not in any state in which some part of the service is performed, and the individual's residence is in Maine.

Payroll for leased and temporary employees. The payroll factor for the apportionment calculation must include 85% of amounts paid to an employee-leasing company for leased employees and 100% of amounts paid for temporary employees. Employee-leasing companies and temporary services companies will exclude from the payroll factor compensation paid

to leased or temporary employees who are providing personal services to client companies. However, amounts received from clients for leased or temporary employees must still be included in the sales factor calculation of the leasing or temporary services company.

"Leased employee" means an individual who performs services for a client company pursuant to a contract between the client company and an employee-leasing company.

"Temporary services" means employee services provided to client companies for a contractual period of less than 12 months.

Line 14. PROPERTY FACTOR: The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property (including inventory) owned or rented and used in Maine during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property (including inventory) owned or rented and used during the tax period. Property owned by the taxpayer is valued at original cost.

Property rented by the taxpayer is valued at eight times the net annual rental rate. The average value of the property is determined by averaging the values at the beginning and end of the tax period, but the State Tax Assessor may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

SCHEDULE B INSTRUCTIONS

See Schedule B for specific instructions for each line. Attach federal Form 4626. If the members of the Maine corporate return differ from the federal corporate return filing, complete and attach a pro forma federal Form 4626 for the entity or entities included in the Maine return.

If the corporation is not required to file federal Form 4626 due to the small corporation exemption, the corporation will not be subject to Maine minimum tax.

Line 20. MODIFICATIONS: Enter on this line the total of the applicable Maine addition modifications under § 5200-A(1) to the extent not already included in federal alternative minimum taxable income. Also enter on this line the total of the applicable subtraction

modifications under § 5200-A(2) to the extent not already eliminated from federal alternative minimum taxable income. See Form 1120ME, lines 2 and 4 for a list of applicable modifications. For more information on how to calculate the modifications to federal Alternative Minimum Taxable Income, go to our web site at www.maine.gov/revenue.

Line 22. EXEMPTION: You must recalculate the exemption amount on federal Form 4626 to find the total to use for purposes of the Maine alternative minimum tax. To do this, enter the amount from line 21 on a blank Form 4626, line 7. Then, follow the federal instructions for calculating the exemption amount on line 8c. Enter the amount from the recalculated Form 4626, line 8c on Schedule B, line 22.

Line 24. APPORTIONMENT FACTOR: Enter the apportionment factor from Schedule A, line 15 unless 100% of your business activity is apportionable to Maine. Enter the value as a decimal amount. If 100% of your business activity is apportionable to Maine, enter the amount as "1.000000".

Line 28b. PINE TREE DEVELOPMENT ZONE CREDIT APPLICATION WORKSHEET: The credit application worksheet is available at www.maine.gov/revenue/forms, then select Worksheets for Tax Credits. Attach a copy of the worksheet to your return.

For more information on the Maine corporate minimum tax, visit www.maine.gov/revenue/forms.

SCHEDULE C INSTRUCTIONS

Tax Credit Worksheets. Except for line 29e, you must complete and attach a tax credit worksheet for each tax credit claimed. Tax credit worksheets may be downloaded from the internet. Go to www.maine.gov/revenue/forms and select Worksheets for Tax Credits. You may also order worksheets by telephone by calling (207) 624-7894.

Credit Claimed. For each credit, enter in the appropriate space the total amount of the available credit, calculated without regard to the limitations imposed by the entity's tax liability. An amount should be entered only in the year the credit is initially calculated.

Amount Used. For each credit, enter in the appropriate space the amount of credit that is used to reduce tax liability this year. **The total amount of credit on line 29p that may be used this year cannot exceed the tax liability on line 7a of Form 1120ME.**

29a. Maine Seed Capital Tax Credit: Enter on this line the tax credit as authorized by the Finance Authority of Maine. A copy of the tax credit certificate must be attached to the return. The amount of credit is subject to limitations as outlined in 36 M.R.S.A. § 5216-B. **You must complete and attach a tax credit worksheet.**

29b. Jobs and Investment Tax Credit: A tax credit for qualifying jobs and investment is entered on this line. Eligibility for the credit requires the addition of \$5 million of IRC § 38 property based on the Internal Revenue Code of 1954, as of December 31, 1985, § 38(b)(1), and 100 new jobs attributable to that investment in the 24-month period following the date the property was placed in service. For further details see 36 M.R.S.A. § 5215. **Jobs created between August 1, 1998 and October 1, 2001 must be covered by qualified retirement and health insurance plans, and wages must be greater**

than the average per capita income in the labor market area in which the employee is employed. You must complete and attach a tax credit worksheet.

29c. Employer-Assisted Day Care Tax Credit and Quality Child Care Investment Credit: Line 29c is used for both credits. Combine the credits for purposes of the credit claimed and credit used.

Employer-Assisted Day Care Tax Credit: A taxpayer constituting an employing unit is allowed a credit for providing day care for, or paying day care expenses of, employees, subject to the limitations of 36 M.R.S.A. § 5217. The tax credit is limited to the lowest of \$5,000, 20% of the cost incurred, or \$100 for each child of an employee of the taxpayer enrolled on a full-time basis. Carryover provisions apply. This credit is doubled if the day care provided constitutes quality child care. The Maine Department of Health and Human Services ("DHHS"), Office of Child Care and Head Start, certifies quality child care facilities. Attach a copy of the certificate when claiming the double credit for quality child care. For more information on quality child care services and the certification process, call DHHS, Office of Child Care and Head Start, at 207-287-5060. **You must complete and attach a tax credit worksheet.**

Quality Child Care Investment Credit: Corporate taxpayers making certified investment in quality child care services qualify for a credit equal to 30% of up to \$30,000 of eligible expenditures. Carryover provisions apply. The Maine Department of Health and Human Services, Office of Child Care and Head Start, must certify eligible investments. Attach a copy of the certificate when claiming this credit. 36 M.R.S.A. § 5219-Q. For more information on quality child care services and the certification process, call DHHS, Office of Child Care and Head Start, at 207-287-5060. **You must complete and attach a tax credit worksheet.**

29d. Employer-Provided Long-Term Care Benefits Credit: Employers are eligible for the employer-provided long-term care credit if the policy on which premiums are paid is certified by the Maine Bureau of Insurance or the policy meets the federal definition of a qualified long-term care insurance contract under the Internal Revenue Code. If the qualifying policy is one certified by the Bureau of Insurance, enter the policy number at line 29d. 36 M.R.S.A. § 5217-C. **You must complete and attach a tax credit worksheet.**

29e. Machinery and Equipment Investment Tax Credit: Enter the amount of the credit carried forward to this tax year. Attach a schedule verifying the amount carried forward.

29f. Biofuel Production Tax Credit: A taxpayer engaged in the production of biofuels in Maine who has received certification from the Commissioner of the Maine Department of Environmental Protection (DEP) is allowed a credit against the tax imposed on income derived during the taxable year from the production of biofuel equal to the amount of \$0.05 per gallon of liquid biofuel or gaseous biofuel with a BTU equivalent to that of one gallon of gasoline that replaces the use of petroleum or liquid fuels derived from other fossil carbon sources. For blends with petroleum or other non-biofuels, the credit is allowed only on the portion of that blend that the biofuel constitutes. Biofuel for which the credit is allowed must meet state and federal regulatory requirements applicable to the nature and intended use of the fuel produced. The credit allowed, including carryovers, may not reduce the tax otherwise due to less than zero. Unused credits may be carried over for 5 taxable years. When claiming this credit, attach a copy of the certificate issued by the Maine DEP. 36 M.R.S.A. § 5219-X. **You must complete and attach a tax credit worksheet.**

SCHEDULE C INSTRUCTIONS (continued)

29g. Research Expense Tax Credit: The credit is 5% of qualified research expenses incurred during the taxable year that exceed the average qualified research expense for the previous 3 tax years, plus 7.5% of the basic research payments determined pursuant to IRC § 41(e)(1)(A). Only expenditures for research conducted in Maine qualify for the credit. The term “qualified research” is defined in IRC § 41(d). The credit is limited to the first \$25,000 of tax liability before credits plus 75% of the tax liability that exceeds \$25,000. Carryover provisions apply. 36 M.R.S.A. § 5219-K. **You must complete and attach a tax credit worksheet.**

29h. Super Research and Development Credit: Businesses whose Maine research expenses increase by more than 50% over the average research expenses incurred in the three years immediately preceding June 12, 1997 qualify for this credit. The credit is equal to the excess over 150% of the 3-year average. The credit is limited to 50% of the net income tax due after other credits and may not reduce the tax liability below the liability of the previous year after the allowance of all other credits. Carryover provisions apply. 36 M.R.S.A. § 5219-L. **You must complete and attach a tax credit worksheet.**

29i. High-Technology Investment Tax Credit: Businesses engaged primarily in high-tech activities are eligible for this credit. The credit is equal to the adjusted basis of eligible equipment on the date that equipment is placed in service in Maine, net of any lease payments received during the year. Lessors may claim the credit only if the lessee waives its entitlement to the credit. The credit may not reduce current year's tax liability below the liability of the previous year after the allowance of all other credits. The credit is limited to \$100,000 per year (\$200,000 in certain cases) and may not reduce the tax liability below zero. Carryover provisions apply. Federal taxable income must be increased by the amount of the investment credit base also claimed as a business expense for federal income tax purposes. Also, the 12-year reimbursement period under the Business Equipment Tax Reimbursement Program must be reduced one year for every year the qualified equipment was included in the investment credit base. 36 M.R.S.A. § 5219-M. **You must complete and attach a tax credit worksheet.**

29j. Maine Minimum Tax Credit: Complete Schedule D on page 4 of Form 1120ME to calculate your credit. 36 M.R.S.A. § 5203-A(5).

29k. Credit for Dependent Health Benefits Paid: Employers that offer a qualified health benefit plan and that employ fewer than five employees may qualify for this credit. The credit is equal to the lesser of 20% of the dependent health benefits paid by the employer or \$125 per employee with dependent health benefits coverage. A taxpayer that employs five or more employees after qualifying for the credit may continue to qualify for the credit for another two years. Otherwise, a taxpayer may claim a credit only for those periods during which the employer: 1) offers a qualified health benefit plan that is made available to all of its low-income employees; 2) pays at least 80% of the health insurance costs for each low-income employee under the plan, and; 3) pays at least 60% of the cost of dependent health insurance benefits for children under 19 who are dependents of a low-income employee under the plan. The credit is limited to 50% of the income tax due. Any unused credit may be carried over for two years. 36 M.R.S.A. § 5219-O. **You must complete and attach a tax credit worksheet.**

29l. Clean Fuel Credit: The credit is based on the expenditures paid or incurred for construction, installation of, or improvements to any filling station or charging station in Maine for the purpose of providing clean fuels to the general public for use in motor vehicles. Clean fuel is defined as any product or energy source, other than conventional gasoline, diesel or reformulated gasoline, that lowers emissions of certain pollutants. Clean fuel includes, but is not limited to, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, hythane, dynamic flywheels, solar energy, alcohol fuels, and electricity. **The credit applies to expenditures incurred on or after January 1, 1999 and automatically expires January 1, 2006.** 36 M.R.S.A. § 5219-P. **You must complete and attach a tax credit worksheet.**

29m. Historic Rehabilitation Credit: A taxpayer is allowed a credit equal to the amount of the federal credit, including carryovers, for rehabilitation of certified historic structures located in Maine. The credit is nonrefundable and is limited to \$100,000 annually per taxpayer.

The credit is subject to the same recapture provisions as under the Internal Revenue Code. 36 M.R.S.A. § 5219-R. **You must complete and attach a tax credit worksheet.**

29n. Family Development Account Credit: Contributors to family development matching fund accounts are eligible for a credit. The credit per tax return is equal to the lesser of \$25,000 or 50% of the amount contributed. The credit is limited to the tax liability on the return and must be taken after the allowance of all other credits. The aggregate allowable credit amount in a state fiscal year is limited to \$200,000. The Finance Authority of Maine is required to certify the allowable credit for each contributor. Call 207-623-3263 for further information. 36 M.R.S.A. § 5216-C. **You must complete and attach a tax credit worksheet.**

29o. Pine Tree Development Zone Credit: For tax years beginning on or after January 1, 2004, a taxpayer engaged in the business of financial services, manufacturing or a targeted technology, as defined by 5 M.R.S.A. § 15301, that is located within a Pine Tree Development Zone may be eligible for this credit. To be eligible, the taxpayer must add new, full-time jobs that meet certain wage requirements and offer the new employees retirement and health care benefits. The credit is equal to 100% of the income tax liability associated with qualified activity for each of the first five tax years. The credit is 50% of the Maine tax liability associated with qualified activity for each of years six through ten. No carry-forward is allowed. Eligible businesses may qualify for other tax benefits. See page 31 for more information. 36 M.R.S.A. § 5219-W. **You must complete and attach a tax credit worksheet.** For more information and examples, visit www.maine.gov/revenue/incomeestate and select Guidance Documents.

(NOTE: The total of Schedule C line 29a through 29o credits can not exceed the tax liability on line 7a, Form 1120ME.)

You must complete and attach tax credit worksheets showing your calculations for credits claimed. Tax credit worksheets and instructions are available at www.maine.gov/revenue/forms; select Worksheets for Tax Credits.

Because Maine Revenue Services uses optical scanners to process Forms 1120ME and 1120X-ME, these forms cannot be altered in any way. Do not change line numbers or descriptions as these changes will not be detected when scanned.

RECORD-KEEPING REQUIREMENTS

Keep a copy of your Maine income tax return, including worksheets, and supporting documents for the same period required for keeping your federal income tax records. This is generally 3 years from the date the return was filed, or the due date, whichever is later. You should keep some records longer. For example, keep property records as long as they are needed to calculate the basis of the original or replacement property. See 36 M.R.S.A. § 135.

COMBINED REPORT FOR UNITARY MEMBERS (FORM CR)

INSTRUCTIONS

The combined report, when applicable, must be filed with Form 1120ME or Form 1120X-ME. This report **must** be accompanied by an affiliation schedule (federal Form 851 for consolidated filers is acceptable) listing name, federal ID number and corporate activity of all members of the affiliated group, both unitary and non-unitary members.

A. PURPOSE OF FORM:

NOTE: Only unitary business group members are to be included on this form. Affiliated non-unitary members are not to be included on Form CR.

Form CR is used to calculate the “taxable income under the laws of the United States” (36 M.R.S.A. § 5102(8)) of a unitary business. Taxable income under the laws of the United States of a unitary business is: (a) separate federal taxable income as defined under federal consolidated regulations for each member of a unitary business that is a member of a single federal consolidated filing; plus (b) separate federal taxable income as defined under federal consolidated regulations for members of a unitary business that are members of other federal consolidated filings; plus (c)

federal taxable income from the federal returns of the unitary members that are not members of a federal consolidated group; plus (d) adjustments for certain intercompany transactions between members of the unitary business.

B. COMBINED REPORTING:

Corporations with taxable income under the laws of the United States that are members of an affiliated group engaged in a unitary business must file a combined report. Corporations that are members of a unitary business but are not required to file a federal return must be excluded from the combined report. This includes those corporations not required, but electing, to file a federal tax return.

“Affiliated group” means a group of two or more corporations of which more than 50% of the

voting stock of each member corporation is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member corporations. 36 M.R.S.A. § 5102(1-B). A “unitary business” is a business activity that is characterized by unity of ownership, functional integration, centralization of management, and economies of scale. 36 M.R.S.A. § 5102(10-A). See page 3 for more information.

All corporations, including any foreign sales corporation (“FSC”), required to file federal returns that are part of a unitary business are required to be included in the combined report of any taxable corporation with Maine nexus, even if the affiliated corporation has no nexus with Maine.

See MRS Rule 810 for more information.

C. COLUMN INSTRUCTIONS:

Column 1. Place a check mark in this column for corporations listed in column 2 that have nexus with Maine (see explanation of nexus on page 2).

Column 2. Enter the name and federal identification number of each member of the unitary business. For an explanation of what constitutes a unitary business, see instructions on page 3. Indicate whether the corporation is an FSC, REIT or 936 corporation.

Column 3. Enter the separate federal taxable income under U. S. Treasury Regulation § 1.1502 of each member listed in column 2 that was part of a federal consolidated return (member’s share of Form 1120, line 28). This information can be obtained from the supporting statement filed with Form 1120 for consolidated returns. **Attach a copy of the supporting statement from the consolidated return.**

Column 4. Enter the federal taxable income of each corporation listed in column 2 that filed a separate federal return (Form 1120, line 28 or equivalent income from other federally filed return). Entries in column 4 relate to member corporations of the unitary business that were not included in a federal consolidated return.

Each corporation on this report should have an amount entered in either column 3 or column 4, but not both.

Column 5. Enter any adjustments for eliminations, deferrals and other modifications allowed under federal law and regulations not yet taken in column 3. Include any intercompany transactions between corporations listed on this report if those transactions resulted in gains or losses. For transactions between unitary business members not part of the same consolidated filing, enter adjustments allowed under MRS Rule 810.03(D). **Attach a worksheet that details adjustments claimed in column 5.**

Column 6. Combine columns 3, 4 and 5. This is the adjusted separate income of each member of the unitary business group.

Column 7, A. State modification subtractions. Enter the share of state subtraction modifications applicable to the unitary member on the corresponding line. If a single return is filed for the entire group, the total for all unitary members must agree with Form 1120ME, line 2k.

Column 7, B. State modification additions. Enter the share of state addition modifications applicable to the unitary member on the corresponding line. If a single return is filed for the entire group, the total for all unitary members must agree with Form 1120 ME, line 4h. Attach a supporting schedule.

Columns 8-10. Enter each corporation’s share of sales, payroll and property of the unitary business. The totals should be carried over from

line 17 to Form 1120ME, Schedule A. If a single return is filed for the entire group, the amounts listed on the total lines of columns 8, 9 and 10 must agree with those entered on lines 12, 13 and 14, Columns (A) and (B) of Schedule A, Form 1120ME.

D. LINE INSTRUCTIONS:

Line 16. To the extent not already eliminated, remove all intercompany transactions. These eliminations are for page 2, columns 7-10 only. Attach a worksheet that details any adjustment claimed on this line.

Line 17. Enter the total for each of Columns 3 through 10.

Line 18. Enter allowable special deductions for the unitary business (from federal Form 1120, line 29b). These deductions must be aggregated and adjusted, if necessary, in a manner consistent with federal consolidated filing requirements.

Line 19. Enter the allowable NOL deductions for the unitary business. See MRS Rule 810.09 (allocation and uses of net operating losses).

Line 20. Enter the total from column 6 minus the deductions on lines 18 and 19. If filing a single return, enter on this line and on Form 1120ME, page 1, line 1. This is the taxable income under the laws of the United States of the unitary business.

MAINE ESTIMATED TAX PAYMENT VOUCHER FOR CORPORATIONS (FORM 1120ES-ME) INSTRUCTIONS

1. WHO MUST PAY ESTIMATED TAX?

Every corporation subject to taxation under 36 M.R.S.A., Part 8 (Income Taxes) must pay estimated tax. If the income tax liability for the taxable year or for the prior tax year reduced by any allowable credits is less than \$1,000, the requirement is waived. See 36 M.R.S.A. § 5228(2).

2. AMOUNT OF ESTIMATED TAX TO BE PAID.

The estimated tax must be no less than the smaller of the following:

- a. An amount equal to the preceding year's tax liability, if that preceding year was a taxable year of 12 months; or
- b. An amount equal to 90% of the tax liability for the current taxable year. However, taxpayers cannot use the machinery and equipment investment tax credit in the determination of the estimated corporate income tax liability.

Exception: Large corporations as defined by IRC § 6655(g)(2)(A), are required to pay estimated taxes in accordance with paragraph b, except as provided in 36 M.R.S.A. § 5228(5)(C).

3. DUE DATES FOR ESTIMATED TAX INSTALLMENTS.

Installment payments are due on the 15th day of the 4th, 6th, 9th and 12th months following the beginning of the corporation's fiscal year. If the due date falls on a Saturday, Sunday or legal holiday, substitute the next succeeding day which is not a Saturday, Sunday or legal holiday.

4. AMOUNT OF INSTALLMENTS.

The amount of estimated tax due for the taxable year must be paid in four equal installments unless:

- a. The taxpayer establishes by adequate record the actual distribution of tax liability and allowable credits during the tax year; or
- b. The taxpayer is a large corporation as defined by IRC § 6655(g)(2)(A). Such large corporations may elect to determine the first required installment for any taxable year based on the preceding year's state income tax liability, if that preceding year was a taxable year of 12 months. However, if the corporation so elects, the second required installment for the taxable year must equal 90% of the corporation's income tax liability for the first

half of the current year, less the amount of the first installment for the taxable year as determined under this provision.

5. UNDERPAYMENT PENALTY.

A penalty equal to the interest rate on overdue taxes accrues automatically on underpayments of the required installment amount for the period of underpayment. The period of underpayment is the period of time from the date the installment is due until the underpayment is satisfied or until the tax return to which the estimate installment applies is due, whichever occurs earlier.

6. SHORT TAXABLE YEAR.

For a corporation having a taxable year of less than 12 months, the estimated tax must be paid in full by the 15th day of the last month of the taxable year. If you are filing a tax return for a short taxable year, identify your next filing period in the space provided on the voucher.

NOTE: For tax years 2005 and later, you must apportion the gross tax amount (instead of income) to determine Maine tax liability.

See line 2b on Form 1120W-ME, Estimated Tax Worksheet.

Did you know that you can now pay your taxes online, including future payments for estimates? Visit www.maine.gov/revenue and select Electronic Services for access to Maine EZ Pay, our online payment system.



MAINE CORPORATE INCOME TAX

FORM 1120W-ME

ESTIMATED TAX WORKSHEET

2006

For Form 1120ES-ME

NOTE: For tax years 2005 and later, you must apportion the gross tax amount (instead of income) to determine Maine tax liability.

1. ADJUSTED FEDERAL TAXABLE INCOME (check one)

☐ For immediate prior year ☐ Current year estimated 1. _____

2. a. ESTIMATED MAINE GROSS CORPORATE INCOME TAX 2a. _____

For tax years beginning on or after January 1, 2005, the Maine corporate tax rate is as follows:

If adjusted federal taxable income is:

The tax is:

Greater than

But not over

\$ 0

\$ 25,000

3.5% of federal taxable income

\$ 25,000

\$ 75,000

\$ 875 plus 7.93% of excess over \$ 25,000

\$ 75,000

\$250,000

\$ 4,840 plus 8.33% of excess over \$ 75,000

\$250,000 or more

\$19,418 plus 8.93% of excess over \$250,000

b. LINE 2A MULTIPLIED BY THE ESTIMATED MAINE APPORTIONMENT PERCENTAGE 2b. _____

3. OVERPAYMENT from prior year elected for credit to estimated tax: 3. _____

4. BALANCE of estimated Maine corporate income tax (line 2 minus line 3): 4. _____

5. COMPUTATION and RECORD OF PAYMENTS

Date Paid	Total Estimate Original or Amended	Amount of Installment Payable	Prior Year Overpayment Applied to Installment	Balance Payable by Check	Total Payments and Refund Applied
1. _____	\$ _____	April 15 \$ _____	\$ _____	\$ _____	\$ _____
2. _____	\$ _____	June 15 \$ _____	\$ _____	\$ _____	\$ _____
3. _____	\$ _____	Sept 15 \$ _____	\$ _____	\$ _____	\$ _____
4. _____	\$ _____	Dec 15 \$ _____	\$ _____	\$ _____	\$ _____

Fiscal year corporations: use dates corresponding with the 15th day of the 4th, 6th, 9th and 12th months of the fiscal year.

NOTE: if your estimated tax should change during the year, you may use the amended computation worksheet below to determine the amended amounts to be entered on declaration.

1. AMENDED ESTIMATED CORPORATE INCOME TAX 1. _____

2. LESS:

a. Amount of **OVERPAYMENT** from prior year credited to

this year's estimated tax and applied to date 2a. _____

b. PAYMENTS made for current year 2b. _____

c. TOTAL: Line 2a plus line 2b 2c. _____

3. UNPAID BALANCE: Line 1 minus line 2c 3. _____

4. AMOUNT TO BE PAID: Line 3 divided by number of remaining installments 4. _____

(KEEP FOR YOUR RECORDS)
SEE REVERSE SIDE FOR INSTRUCTIONS

2005 MAINE AMENDED CORPORATE INCOME TAX RETURN (1120X-ME)

This form may only be used to amend a 2005 Maine tax return

GENERAL INSTRUCTIONS

Purpose of form: A Maine amended return must be filed when: 1) an amended federal return has been filed that affects the taxpayer's liability; 2) the Internal Revenue Service has made a change or correction that affects the taxpayer's liability; or 3) there are other changes or corrections that affect the taxpayer's liability.

Form to use: Use **2005 Form 1120X-ME** to correct Form 1120ME or Form 1120A-ME returns for year **2005 only**. To correct Form 1120ME or Form 1120A-ME returns for years **1991 through 2004**, use a **Form 1120X-ME applicable to appropriate year**. To obtain a Form 1120X-ME for years 1991 through 2004, call 207-624-7894. For years prior to 1991, use **Form 1120ME for the year(s) prior to 1991 you are amending** and print or type "amended" in the upper left corner of the form. To obtain a form for the pre-1991 year being amended, call 207-624-7894.

Attachments: Attach copies of federal Form 1120X or the Internal Revenue Agent report to support changes shown on Maine Form 1120X-ME. In the event of a net operating loss, attach a copy of federal Form 1139 for each year you are amending. For all amended returns, Schedules A through D must be completed, even if the amounts have not changed from the original return.

Reporting Net Operating Loss: Federal net operating losses, including carrybacks and carryforwards, are reflected in the federal taxable income reported on the Maine corporate income tax return, line 1. If the Maine amended return being filed is due to federal NOL carrybacks or carryforwards, you must attach a copy of federal Form 1139 or Form 1120X and a schedule that reflects, from year to year, the use of the federal NOL carryback or carryforward and related income modifications described below. Corporations included in a federal consolidated return filing a separate Maine return that carry back a loss for Maine purposes that differs from the federal NOL carryback must complete and attach to the Maine Form 1120X-ME a pro forma federal Form 1139 (or similar schedule containing all of the information required by federal Form 1139) to support the amount of NOL deduction being claimed for Maine purposes. Clearly mark the form "Maine pro forma."

The following modifications are reported on the Maine corporate income tax return, line 4d: 1) for tax years beginning prior to 2002, the amount of any NOL for the current taxable year which, for federal income tax purposes, has been or will be carried back to previous taxable years in accordance with IRC § 172; 2) the amount of any NOL carryover deduction claimed for federal income tax purposes in accordance with IRC § 172 which has previously been used to offset Maine modifications to federal taxable income under 36 M.R.S.A. § 5200-A(1).

The following modifications are also reported on the Maine corporate income tax return, line 4d: 1) for NOLs arising in tax years 1989 – 1992 and beginning on or after January 1, 2002 that were carried back for federal income tax purposes, the

federal taxable income in the year or years preceding the year of the loss must, for Maine income tax purposes, be increased by the amount of the federal NOL carryback; 2) for NOLs arising in tax years beginning or ending in 2001 that were carried back more than two years for federal income tax purposes, the federal taxable income in the year or years preceding the year of the loss by more than two years must, for Maine income tax purposes, be increased by the amount of the federal NOL carryback. The modification relating to NOLs arising in years beginning or ending in 2001 does not apply to certain small businesses and farmers.

For NOLs arising in tax years 1989 – 1992, the federal taxable income of the taxpayer in the *15-year period* following the year of the loss may, for Maine income tax purposes, be decreased in an amount which in the aggregate does not exceed the amount of the add-back modification explained in the previous paragraph relating to NOLs arising in tax years 1989 – 1992. Likewise, for NOLs arising in tax years beginning on or after January 1, 2002, the federal taxable income of the taxpayer in the *20-year period* following the year of the loss may, for Maine income tax purposes, be decreased in an amount which in the aggregate does not exceed the amount of the add-back modification explained in the previous paragraph relating to NOLs arising in tax years beginning on or after January 1, 2002. For NOLs arising in tax years beginning or ending in 2001 that were carried back more than two years for federal income tax purposes, federal taxable income in the two years preceding the year of the loss and within the allowable carryover period for NOLs may, for Maine income tax purposes, be decreased in an amount which in the aggregate does not exceed the amount of the add-back modification explained in the previous paragraph relating to NOLs arising in tax years beginning or ending in 2001. However,

adjusted federal taxable income may not be reduced to less than zero. The modifications described in this paragraph are reported on line 2f of the Maine corporate income tax return.

Alternative Minimum Tax: The above modifications also apply to the Maine Alternative Minimum tax. Attach a schedule showing the alternative minimum tax loss and use of modifications.

Unitary groups: For a unitary group filing a combined Maine return, the federal taxable income to be reported on the Maine corporate return, line 1 is the federal taxable income under the laws of the United States for the unitary group (*see* MRS Rule 810). This is the amount shown on Form CR, line 20 as amended. All unitary business groups must complete Form CR. The determination of the federal taxable income of the unitary group in accordance with MRS Rule 810 may result in an NOL for Maine that differs from the federal NOL. This is generally the result of the unitary group being different than the federal consolidated group. Regardless of the federal NOL amount, the NOL amount for the Maine unitary group may be carried back (for tax years beginning prior to 2002) or forward consistent with the Internal Revenue Code and related regulations, subject to the modifications of 36 M.R.S.A. § 5200-A(1)(B), (C) & (H) and subject to the requirements of MRS Rule 810. If the loss being carried back for Maine purposes is different than the loss being carried back for federal purposes, complete and attach a pro forma federal Form 1139 (or similar schedule containing all of the information required by federal Form 1139) to support the NOL deductions being claimed for Maine purposes. Clearly mark the form "Maine pro forma." If the composition of the unitary group changes, see MRS Rule 810 for guidance on the allocation and use of NOLs.

The following example illustrates Maine adjustments related to federal NOL Carrybacks:

Corresponding Line on Maine Return	Carryback Year 2002	NOL Year 2003	Carryforward Years 2004 2005
Federal taxable income prior to NOL deduction	55,000	- 60,000	35,000 25,000
	- 55,000		- 5,000
1. FTI after NOL deduction	0	- 60,000	30,000 25,000
2f. Deduction Modification 5200-A (2)(H)			- 40,000 - 5,000
Addition Modifications:			
4d. 5200-A (1)(H)	55,000		
4g. Other		10,000	10,000 8,000
6. Adjusted Fed. Taxable Income	55,000	-50,000	0 28,000

Of the original \$60,000 loss in 2003, \$55,000 is carried back for federal purposes, but disallowed for Maine purposes. The remaining \$5,000 is carried forward at the federal level and is included in 2004 FTI. For Maine purposes, the amount equal to the federal carryback is allowed as a subtraction modification to the extent that it does not reduce Adjusted Federal Taxable Income below zero, is within the allowed federal carryover period and has not previously been used to offset Maine income. In this example, \$10,000 of the federal NOL was used to offset Maine addition modifications in the year of the loss, reducing the overall subtraction modification allowable in future years from \$55,000 to \$45,000. For additional information concerning the NOL recovery adjustment, see www.maine.gov/revenue/incomeestate and select Guidance Documents.

MAINE AMENDED CORPORATE INCOME TAX RETURN (1120X-ME)

GENERAL INSTRUCTIONS (continued)

Do not alter form: Maine Revenue Services uses optical scanners to process Forms 1120ME and 1120X-ME. These forms cannot be altered in any way. Do not change line numbers or descriptions as these changes will not be detected when scanned. All dollar amounts other than zero must be written in the appropriate column even if the amount has not changed from a previous return or filing period. Any box in column C that is left blank will be read as a zero.

When to file: Amended Maine income tax returns must be filed within 90 days of the final

determination of the change or correction of the filing of the federal amended return or Internal Revenue Agent report. File Form 1120X-ME only after you have filed an original return.

Generally, to receive a refund of taxes paid, you must file Form 1120X-ME within three years after the date the original return was filed, or within three years after the date the tax was paid, whichever is later. This time limit does not apply when the Internal Revenue Service makes an adjustment that affects the taxpayer's liability.

Combined Reports: Refer to the instructions for Form CR and Combined Reporting in the corporate income tax booklet. You must attach a copy of Form CR to Form 1120X-ME if you are a member of a unitary business group.

An incomplete Form 1120X-ME cannot be processed. Attaching schedules or spreadsheets in lieu of this form is not acceptable.

MAINE AMENDED CORPORATE INCOME TAX RETURN (1120X-ME)

SPECIFIC INSTRUCTIONS

Reason for change: Check the appropriate box to identify the reason for filing this form: 1) if an Internal Revenue Service audit change, attach a copy of the federal audit; 2) if a net operating loss, attach a copy of federal Form 1139; 3) if an amended federal Form 1120X, attach a copy of the federal amended return; 4) if an accounting change, attach approval of acceptance from the Internal Revenue Service; 5) if other, attach a written explanation of change.

NOTE: For tax years 2005 and later, you must apportion the gross tax amount to determine Maine liability. For years prior to 2005, the apportionment percentage was applied to income instead of tax. Be sure to select the correct amended return for the year you wish to amend. For more information, see instructions for Form 1120ME, lines 6 and 7a on page 6.

Net Operating Loss.

A. For calendar tax year **2000 and earlier** calendar and fiscal tax years (except 1989 - 1993; see instructions for those years), Maine conforms to all federal net operating loss carrybacks and carryforwards.

B. For tax years beginning or ending in **2001**, Maine allowed a two-year federal carryback in

most cases, but allowed a longer carryback in certain situations (five years for farmers, for example. See IRC § 172). However, Maine decoupled from the special five-year carryback period allowed under the Jobs Creation and Worker Assistance Act of 2002 (See federal PL 107-147).

C. For tax years **2002 and on**, Maine does not allow any NOL carryback.

Column A: Enter the amounts from your return as originally filed or previously amended. If your return was adjusted or audited by the State of Maine, enter the amounts as last adjusted.

Column B: Enter the net increase or net decrease for each line that is changed. Use a minus sign to the left of the number to indicate a decrease.

Column C: This column must be filled out completely even if the amount in column A is not being adjusted. Combine the amounts in column A and column B and enter the result in column C.

columns A, B and C of Form 1120X-ME, lines 7a, 7b and 8d as they relate to Schedules A, B and C.

Schedule A: Schedule A is for corporations engaged in interstate business. If this is the case, you must complete this schedule, even if you are not changing the figures from the original or as previously adjusted. See additional Schedule A instructions on page 7.

Schedule B: Complete this schedule even if figures are the same as originally filed or previously adjusted. Note: the method of calculating Minimum Tax was changed for 2004. For years prior to 2005, use the Schedule B applicable to the tax year return being amended.

Schedule C: If you had other credits on your original return that are still valid, you must enter those credits here, even if you are not making any adjustments. See additional Schedule C instructions on pages 8 and 9.

Schedule D: A minimum tax credit is available for tax years beginning on or after January 1, 1992. This credit is modeled after the federal alternative minimum tax credit. Complete this schedule to calculate your credit. You must complete this schedule and enter line g on Form 1120X-ME, Schedule C, line 29j, even if you are not changing the figures from the original return or as previously adjusted.

SCHEDULES A - D:

Check the Amended box if the schedule is being changed as a result of this amended return and complete each schedule with the amended figures. Check the Original or Previously Adjusted box if the schedule shows the figures as last adjusted or originally filed. In all cases, properly complete

IMPORTANT: IF ALL REQUIRED LINES AND SCHEDULES (INCLUDING FORM CR) ARE NOT COMPLETED, THE RETURN IS INCOMPLETE AND WILL NOT BE CONSIDERED A FILED RETURN. ALSO, PAGES 1-4 OF THE FEDERAL RETURN MUST BE ATTACHED TO YOUR MAINE CORPORATE RETURN.

**FORM 1120A-ME
2005**

**MAINE REVENUE SERVICES
MAINE CORPORATE INCOME TAX RETURN
SHORT FORM**



For calendar year 2005 or tax year 05 to 05
MM DD YY MM DD YY

Check here if you
filed federal Form 990T ☐

Name of Corporation _____

Federal Employer ID Number _____

Address _____

Federal Business Code _____ State of
Incorporation _____

City, Town, or Post Office _____ State _____ Zip Code _____

Contact Person's First Name _____ Contact Person's Last Name _____

Telephone Number _____



**DO NOT USE THIS FORM UNLESS YOU MEET ALL REQUIREMENTS IN THE INSTRUCTIONS ON PAGE 5.
IF YOU DO NOT MEET THESE REQUIREMENTS, YOU MUST FILE FORM 1120ME.**



CHECK APPLICABLE BOXES:

(1) ☐ Initial return (2) ☐ Final return (3) ☐ Change of name/address

*To amend your return, you
must file 2005 Form 1120X-ME*

Note: Line numbers for this form correspond to the same line numbers on Form 1120ME (see specific instructions)

1. FEDERAL TAXABLE INCOME (federal Form 1120, line 30 or Form 1120-A, line 26) If negative, enter a minus sign in the box to the left of the number	1	_____	_____	_____	.00
2h. STATE INCOME TAX REFUNDS included in line 1 above	MINUS 2h	_____	_____	_____	.00
2j. BONUS DEPRECIATION/SECTION 179 EXPENSE RECAPTURE	MINUS 2j	_____	_____	_____	.00
4a. INCOME TAXES IMPOSED BY MAINE	PLUS 4a	_____	_____	_____	.00
4e. DOMESTIC PRODUCTION ACTIVITIES DEDUCTION	PLUS 4e	_____	_____	_____	.00
4f. BONUS DEPRECIATION/SECTION 179 expense add-back	PLUS 4f	_____	_____	_____	.00
5. ADJUSTED FEDERAL TAXABLE INCOME. If negative, enter a minus sign in the box to the left of the number	= 5	_____	_____	_____	.00
7a. MAINE CORPORATE INCOME TAX (see tax rates on page 6)	7a	_____	_____	_____	.00
8. Enter the amount of any ESTIMATED TAX PAYMENTS and EXTENSION PAYMENTS	MINUS 8	_____	_____	_____	.00
9b. Enter PENALTY FOR UNDERPAYMENT of estimated tax	PLUS 9b	_____	_____	_____	.00
9c. TAX DUE (If line 7a minus line 8 plus line 9b is positive, enter that amount here)	= 9c	_____	_____	_____	.00
10. Amount of OVERPAYMENT (If line 7a minus line 8 plus line 9b is negative, enter that amount here)	= 10	_____	_____	_____	.00
11a. Amount of OVERPAYMENT TO BE CREDITED to next year's liability	11a	_____	_____	_____	.00
11b. Amount of OVERPAYMENT TO BE REFUNDED	11b	_____	_____	_____	.00

CORPORATION PRESIDENT'S NAME _____ SOCIAL SECURITY NUMBER _____

TREASURER'S NAME _____ SOCIAL SECURITY NUMBER _____

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

DATE _____ OFFICER'S SIGNATURE _____ TITLE _____ Social Security Number _____

DATE _____ SIGNATURE AND ADDRESS OF PREPARER (INDIVIDUAL OR FIRM) _____ PREPARER'S SSN OR PTIN _____

**THIS RETURN MUST BE ACCOMPANIED BY A LEGIBLE COPY OF THE
U.S. CORPORATION INCOME TAX RETURN, FEDERAL FORM 1120,
PAGES 1-4 OR 1120A, PAGES 1 & 2 FOR THE SAME TAXABLE PERIOD.**



File return with:
Maine Revenue Services
P.O. Box 1062
Augusta, ME 04332-1062

Office Use Only

_____ LG

DO NOT STAPLE OR TAPE FORMS TO YOUR RETURN. DO NOT SEND PHOTOCOPIES OF RETURNS.



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Federal EIN

5. ADJUSTED FEDERAL TAXABLE INCOME (add lines 3 and 4h) 5	_____	_____	_____	_____	.00
6. GROSS TAX (see tax rates on page 6) 6	_____	_____	_____	_____	.00
7. TAX:					
a. MAINE CORPORATE INCOME TAX (from line 6 above or Schedule A, line 17. See instructions) 7a	_____	_____	_____	_____	.00
b. MINIMUM TAX: Schedule B, line 28c (attach federal Form 4626) 7b	_____	_____	_____	_____	.00
c. TOTAL TAX (add lines 7a and 7b) 7c	_____	_____	_____	_____	.00
8. CREDITS:					
a. MAINE ESTIMATED TAX PAID 8a	_____	_____	_____	_____	.00
b. EXTENSION PAYMENT (Form 1120EXT-ME) 8b	_____	_____	_____	_____	.00
c. OTHER CREDITS Schedule C, page 4, line 29p 8c	_____	_____	_____	_____	.00
d. INCOME TAX WITHHELD from a pass-through entity (enclose Form 1099ME) 8d	_____	_____	_____	_____	.00
e. TOTAL CREDITS (add lines 8a, 8b, 8c and 8d) 8e	_____	_____	_____	_____	.00
9. a. If line 7c is greater than line 8e, enter TAX BALANCE DUE (If not, skip to line 10) 9a	_____	_____	_____	_____	.00
b. Enter PENALTY for underpayment of estimated tax (attach Form 2220ME) 9b	_____	_____	_____	_____	.00
c. TOTAL AMOUNT DUE (add lines 9a and 9b). Pay in full with return (Please make check payable to Treasurer, State of Maine) 9c	_____	_____	_____	_____	.00
Use EZ Pay at Maine.gov/revenue					
					Check here if Form 2220ME block 5.a. is checked. <input type="checkbox"/>
10. If line 8e is greater than line 7c, enter OVERPAYMENT 10	_____	_____	_____	_____	.00
11. Amount of line 10 to be:					
a. CREDITED to next year's estimated tax 11a	_____	_____	_____	_____	.00
b. REFUNDED 11b	_____	_____	_____	_____	.00
Next year's return: To reduce state printing and postage costs, if you have your return done by a tax preparer and do not need Maine income tax forms and instructions mailed to you next year, check box at right <input type="checkbox"/>					
CORPORATION PRESIDENT'S NAME _____ SOCIAL SECURITY NUMBER _____					
TREASURER'S NAME _____ SOCIAL SECURITY NUMBER _____					
COMPANY'S WEB SITE ADDRESS _____					

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

DATE	OFFICER'S SIGNATURE	TITLE	Social Security Number
DATE	SIGNATURE AND ADDRESS OF PREPARER (INDIVIDUAL OR FIRM)		PREPARER'S SSN OR PTIN

THIS RETURN MUST BE ACCOMPANIED BY A LEGIBLE COPY OF THE U.S. CORPORATION INCOME TAX RETURN, FEDERAL FORM 1120, PAGES 1-4 OR FORM 1120A, PAGES 1 & 2, FOR THE SAME TAXABLE PERIOD.

Please submit forms in the following order:

1. Pages 1 through 4 of Form 1120ME.
2. Form CR, if required, including affiliation schedule.
3. Other statements for the Maine income tax return.
4. A copy of federal Form 1120, pages 1 through 4 (or Form 1120A, pages 1 and 2).



File return with:
Maine Revenue Services
P.O. Box 1062
Augusta, ME 04332-1062

Office use only

Diagram showing a 5x5 grid with red vertical lines. The label "LG" is positioned to the right of the grid.



Federal EIN

SCHEDULE A - APPORTIONMENT OF TAX

Do not complete this schedule if 100% of your business activity is apportionable to Maine.

All others must complete this schedule and enter amounts in Columns A and B, even if those amounts are zero.

If this schedule is left blank or excluded, your Maine apportionment factor will be set at 100%. **Round all dollar amounts to whole numbers.**☐ Check here if the taxpayer is a mutual fund service provider electing to use the special apportionment formula under 36 M.R.S.A. § 5212(2).

	(A) Within Maine	(B) Everywhere	(C) Maine Factors Col. (A)/Col. (B) x Statutory Weighting Rounded to 6 Decimals
12. Total Sales	<input type="text"/>	<input type="text"/>	<input type="text"/>
13. Total Payroll	<input type="text"/>	<input type="text"/>	<input type="text"/>
14. Total Property	<input type="text"/>	<input type="text"/>	<input type="text"/>

If one of these factors has a value of zero in both column A and column B, see the instructions on page 7.

15. MAINE APPORTIONMENT FACTOR - Sum of lines 12, 13 and 14, column (C)	15.	<input type="text"/>
16. GROSS TAX (page 2, line 6)	16.	<input type="text"/> .00
17. MAINE CORPORATE INCOME TAX (line 16 x line 15 factor). Enter here and on line 7a, page 2. ...	17.	<input type="text"/> .00
18. What amount of line 14, column A is TANGIBLE PERSONAL PROPERTY?	18.	<input type="text"/> .00

SCHEDULE B - MINIMUM TAX

(Attach federal Form 4626)

19. FEDERAL ALTERNATIVE MINIMUM TAXABLE INCOME (federal Form 4626, line 7. If negative, enter a minus sign in the space to the left of the total)	19	<input type="text"/>	.00
20. MODIFICATIONS (see instructions for Schedule B on page 8) (if negative, enter a minus sign in the space to the left of the total)	20	<input type="text"/>	.00
21. TENTATIVE ALTERNATIVE MINIMUM TAXABLE INCOME. (combine lines 19 and 20)	21	<input type="text"/>	.00
22. EXEMPTION (see instructions)	22	<input type="text"/>	.00
23. ADJUSTED TENTATIVE ALTERNATIVE MINIMUM TAXABLE INCOME (line 21 less line 22)	23	<input type="text"/>	.00
24. APPORTIONMENT FACTOR (see instructions)	24	<input type="text"/>	
25. ALTERNATIVE MINIMUM TAXABLE INCOME (line 23 multiplied by line 24)	25	<input type="text"/>	.00
26. TENTATIVE MINIMUM TAX (line 25 multiplied by 5.4% [0.054])	26	<input type="text"/>	.00
27. INCOME TAX (page 2, line 7a)	27	<input type="text"/>	.00
28a. ALTERNATIVE MINIMUM TAX PRIOR TO PINE TREE DEVELOPMENT ZONE CREDIT (line 26 minus line 27) .	28a	<input type="text"/>	.00
28b. PINE TREE DEVELOPMENT ZONE CREDIT (from Credit Application Worksheet)	28b	<input type="text"/>	.00
28c. ALTERNATIVE MINIMUM TAX (line 28a minus line 28b). Enter here and on page 2, line 7b. (If less than zero, enter zero)	28c	<input type="text"/>	.00



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SCHEDULE C - OTHER CREDITS

(Attach worksheets. To get worksheets, see maine.gov/revenue/Forms/Publications)

29.	a. MAINE SEED CAPITAL TAX CREDIT	(Credit Claimed _____)	) Amount Used ..	29a	<div></div>	'	<div></div>	'	<div></div>	.00
b.	JOB AND INVESTMENT TAX CREDIT	(Credit Claimed _____)	) Amount Used ..	29b	<div></div>	'	<div></div>	'	<div></div>	.00
c.	EMPLOYER-ASSISTED DAY CARE TAX CREDIT AND QUALITY CHILD CARE INVESTMENT CREDIT	(Credit Claimed _____)	) Amount Used ..	29c	<div></div>	'	<div></div>	'	<div></div>	.00
d.	EMPLOYER-PROVIDED LONG-TERM CARE BENEFITS CREDIT	(Credit Claimed _____)	) Amount Used ..	29d	<div></div>	'	<div></div>	'	<div></div>	.00
e.	MACHINERY AND EQUIPMENT INVESTMENT TAX CREDIT	(Credit Claimed _____)	) Amount Used ..	29e	<div></div>	'	<div></div>	'	<div></div>	.00
f.	BIOFUEL PRODUCTION CREDIT	(Credit Claimed _____)	) Amount Used ..	29f	<div></div>	'	<div></div>	'	<div></div>	.00
g.	RESEARCH EXPENSE TAX CREDIT	(Credit Claimed _____)	) Amount Used ..	29g	<div></div>	'	<div></div>	'	<div></div>	.00
h.	SUPER RESEARCH AND DEVELOPMENT CREDIT	(Credit Claimed _____)	) Amount Used ..	29h	<div></div>	'	<div></div>	'	<div></div>	.00
i.	HIGH-TECHNOLOGY INVESTMENT TAX CREDIT	(Credit Claimed _____)	) Amount Used ...	29i	<div></div>	'	<div></div>	'	<div></div>	.00
j.	MINIMUM TAX CREDIT	(Credit Claimed _____)	) Amount Used ...	29j	<div></div>	'	<div></div>	'	<div></div>	.00
k.	CREDIT FOR DEPENDENT HEALTH BENEFITS PAID	(Credit Claimed _____)	) Amount Used ..	29k	<div></div>	'	<div></div>	'	<div></div>	.00
l.	CLEAN FUEL CREDIT	(Credit Claimed _____)	) Amount Used ...	29l	<div></div>	'	<div></div>	'	<div></div>	.00
m.	HISTORIC REHABILITATION CREDIT	(Credit Claimed _____)	) Amount Used .	29m	<div></div>	'	<div></div>	'	<div></div>	.00
n.	FAMILY DEVELOPMENT ACCOUNT CREDIT	(Credit Claimed _____)	) Amount Used ..	29n	<div></div>	'	<div></div>	'	<div></div>	.00
o.	PINE TREE DEVELOPMENT ZONE CREDIT (from Credit Application Worksheet)		Amount Used ..	29o	<div></div>	'	<div></div>	'	<div></div>	.00
p.	TOTAL: Add lines a through o, enter result here and on page 2, line 8c. (Credit limited to the tax liability on page 2, line 7a)			29p	<div></div>	'	<div></div>	'	<div></div>	.00

SCHEDULE D - MINIMUM TAX CREDIT

30.	a. NET STATE MINIMUM TAX FOR 2004 (2004 Form 1120ME, Schedule B, line 28c)	30a		' ' '	.00
	b. MINIMUM TAX CREDIT CARRYOVER FROM 2004 (2004 Form 1120ME, Schedule D, line 30h) ... PLUS	30b		' ' '	.00
	c. LINE A PLUS LINE B =	30c		' ' '	.00
	d. REGULAR INCOME TAX LIABILITY FOR 2005 (page 2, line 7a less allowable credits - all Schedule C credits except minimum tax credit)	30d		' ' '	.00
	e. TENTATIVE MINIMUM TAX FOR 2005 (Schedule B, line 26) MINUS	30e		' ' '	.00
	f. LINE D MINUS LINE E (if zero or less, enter zero) =	30f		' ' '	.00
	g. STATE MINIMUM TAX CREDIT: enter the smaller of line c or line f here and on Schedule C, line 29j	30g		' ' '	.00
	h. Maine minimum tax credit CARRYOVER TO 2006 (line c minus line g)	30h		' ' '	.00

MAINE CORPORATE INCOME TAX
COMBINED REPORT FOR UNITARY MEMBERS

2005

Federal EIN: _____

Important: The Combined Report must be accompanied by a legible copy of the parent corporation's Federal Consolidated Tax Return, pages 1, 2, 3 and 4 (or equivalent) and affiliation schedule.

This report must be attached to Form 1120ME

Col 1	Column 2*	Column 3	Column 4	Column 5	Column 6
Nexus with Maine	Corporation Name and Federal Identification Number of Unitary Business Member * Please indicate if FSC, REIT or 936 corporation.	Income of Unitary Members Participating in a Federal Consolidated Filing	Income of Unitary Members Filing Separate Federal Returns	Allowable Adjustments	Adjusted Separate Income of Unitary Members (Combine Columns 3, 4 and 5)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16	Adjustments and eliminations for columns 7 through 10				
17	TOTALS:				
				18. Special Deductions	
				19. Unitary NOL Deduction	
				20. Taxable Income Under the Laws of the United States	



2006

FORM 1120ES-ME

MAINE ESTIMATED TAX
PAYMENT VOUCHER FOR CORPORATIONS



00

0600200

VOUCHER 1 - Due April 15

(or 15th day of the fourth month for fiscal year taxpayers).

Enter beginning and ending dates for the entire tax year (NOT the quarter dates)

If this payment is for a short year period, enter the next filing period below

MM DD YY to MM DD YY

MM DD YY to MM DD YY

\$, , .00

Corporation Name

Amount of Payment

Address

Federal Employer Identification Number

City, Town or Post Office

State

ZIP Code

MM DD YY
Date Installment Due

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:
Maine Revenue Services, P.O. Box 1062, Augusta, ME 04332-1062 using the address label inserted in this booklet.



2006

FORM 1120ES-ME

MAINE ESTIMATED TAX
PAYMENT VOUCHER FOR CORPORATIONS



00

0600200

VOUCHER 2 - Due June 15

(or 15th day of the sixth month for fiscal year taxpayers).

Enter beginning and ending dates for the entire tax year (NOT the quarter dates)

If this payment is for a short year period, enter the next filing period below

MM DD YY to MM DD YY

MM DD YY to MM DD YY

\$, , .00

Corporation Name

Amount of Payment

Address

Federal Employer Identification Number

City, Town or Post Office

State

ZIP Code

MM DD YY
Date Installment Due

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:
Maine Revenue Services, P.O. Box 1062, Augusta, ME 04332-1062 using the address label inserted in this booklet.



2006

FORM 1120ES-ME

MAINE ESTIMATED TAX
PAYMENT VOUCHER FOR CORPORATIONS



00

0600200

VOUCHER 3 - Due September 15

(or 15th day of the ninth month for fiscal year taxpayers).

Enter beginning and ending dates for the entire tax year (NOT the quarter dates)

If this payment is for a short year period, enter the next filing period below

MM DD YY to MM DD YY

MM DD YY to MM DD YY

\$, , .00

Corporation Name

Amount of Payment

Address

Federal Employer Identification Number

City, Town or Post Office

State

ZIP Code

MM DD YY
Date Installment Due

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:
Maine Revenue Services, P.O. Box 1062, Augusta, ME 04332-1062 using the address label inserted in this booklet.



2006

FORM 1120ES-ME

MAINE ESTIMATED TAX
PAYMENT VOUCHER FOR CORPORATIONS



0600200

VOUCHER 4 - Due December 15
(or 15th day of the twelfth month for fiscal year taxpayers).

Enter beginning and ending dates for the entire tax year (NOT the quarter dates)

If this payment is for a short year period, enter the next filing period below

MM DD YY to MM DD YY

MM DD YY to MM DD YY

\$, , .00

Corporation Name

Amount of Payment

Address

Federal Employer Identification Number

City, Town or Post Office

State

ZIP Code

MM DD YY
Date Installment Due

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:
Maine Revenue Services, P.O. Box 1062, Augusta, ME 04332-1062 using the address label inserted in this booklet.



Did you know that you can now pay your taxes online, including future payments for estimates? Visit www.maine.gov/revenue and click on Electronic Services for access to Maine EZ Pay, our online payment system.



MAINE EXTENSION TAX PAYMENT VOUCHER FOR CORPORATIONS
(Form 1120EXT-ME)

INSTRUCTIONS

A State of Maine extension request form is not necessary. To make a payment of tax due, complete and submit the voucher below by the original due date of your return. **Caution: At least 90% of your Maine income tax liability must be paid by the original due date of your return in order to avoid a penalty for failure to pay tax on time.** Interest will be charged on any tax paid after the original due date of your return. Send your check for any estimated tax due with the voucher to: Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.

REMEMBER: AN EXTENSION TO FILE YOUR MAINE RETURN IS NOT AN EXTENSION TO PAY YOUR TAX!



2005

FORM 1120EXT-ME

MAINE EXTENSION TAX
PAYMENT VOUCHER FOR CORPORATIONS



0500300

Enter the beginning and ending dates for the tax year (NOT the quarter dates)

MM DD YY to MM DD YY

\$, , .00

Corporation Name

Federal Employer Identification Number

Address

MM DD YY
Date Return is Due
(see instructions, page 4)

City, Town or Post Office

State

ZIP Code

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:
Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114 using the address label inserted in this booklet.



Form 1120X-ME
2005

MAINE AMENDED
CORPORATE INCOME TAX RETURN



For calendar year 2005 or tax year 05 to 05
MM DD YY MM DD YY

0500600

USE THIS FORM ONLY
FOR TAX YEAR 2005

Name of Corporation

Federal Business code

Address

Federal Employer ID Number

State of
Incorporation

City, Town, or Post Office

State

Zip Code

Parent Company Employer ID Number

Contact Person's First Name

Contact Person's Last Name

Telephone Number

REASON FOR
CHANGE:

☐ IRS change

☐ Net operating loss

☐ Federal amended 1120X

☐ Accounting change

☐ Other (attach explanation)

☐ You are a member of an affiliated group filing a separate return

☐ You are filing a combined return (If so, complete & attach Form CR)

	A. Original	B. Adjustment	C. Correct Amount
A. CONSOLIDATED FEDERAL TAXABLE INCOME if filing as part of a federal consolidated return A.			A. .00
1. FEDERAL TAXABLE INCOME If negative, enter a minus sign in the box to the left of the number 1.			1. .00
2. DEDUCTIONS:			
a. NONTAXABLE INTEREST 2a.			2a. .00
b. FOREIGN DIVIDEND GROSS-UP 2b.			2b. .00
c. WORK OPPORTUNITY CREDIT AND EMPOWERMENT ZONE CREDIT DEDUCTIONS (attach federal Form 5884 or Form 8844) 2c.			2c. .00
d. INCOME NOT TAXABLE UNDER THE CONSTITUTION OF MAINE OR THE U.S. 2d.			2d. .00
e. DIVIDENDS FROM CERTAIN AFFILIATED CORPORATIONS (limitations - see instructions) 2e.			2e. .00
f. NET OPERATING LOSS DEDUCTION CARRY-OVER (limitations - see instructions) 2f.			2f. .00
g. INCOME FROM OWNERSHIP INTEREST IN PASS-THROUGH FINANCIAL ENTITIES (subject to Maine Franchise Tax) 2g.			2g. .00
h. STATE INCOME TAX REFUNDS (included in line 1 above) 2h.			2h. .00
i. NORTHERN MAINE TRANSMISSION CORPORATION ADJUSTMENT (see instructions) 2i.			2i. .00
j. BONUS DEPRECIATION / SECTION 179 EXPENSE RECAPTURE (see instructions) 2j.			2j. .00
k. TOTAL DEDUCTIONS (add lines 2a through 2j) 2k.			2k. .00
3. LINE 1 MINUS LINE 2k. If negative, enter a minus sign in the box to the left of the number 3.			3. .00
4. ADDITIONS:			
a. INCOME TAXES imposed by Maine or any other state (attach schedule) 4a.			4a. .00
b. UNRELATED EXPENSES (attach schedule) 4b.			4b. .00
c. INTEREST FROM STATE AND MUNICIPAL BONDS other than Maine 4c.			4c. .00
d. NET OPERATING LOSS RECOVERY ADJUSTMENT 4d.			4d. .00
e. DOMESTIC PRODUCTION ACTIVITIES DEDUCTION ADD-BACK 4e.			4e. .00
f. BONUS DEPRECIATION / SECTION 179 EXPENSE ADD-BACK 4f.			4f. .00
g. OTHER 4g.			4g. .00
h. TOTAL ADDITIONS (add lines 4a through 4g) 4h.			4h. .00

DO NOT STAPLE OR TAPE FORMS TO YOUR RETURN. DO NOT SEND PHOTOCOPIES OF RETURNS.

MAINE AMENDED
CORPORATE INCOME TAX RETURN

0500601

Federal EIN

	A Original	B Adjustment	C Correct Amount
5. ADJUSTED FEDERAL TAXABLE INCOME (add lines 3 and 4h). Corporations that apportion income, use this amount for Schedule A, line 16			5. .00
6. GROSS TAX (see tax rates on page 6)..... 6.			6. .00
7. TAX: a. MAINE CORPORATE INCOME TAX (from line 6 above or Schedule A, line 17. See instructions) 7a			7a. .00
b. MINIMUM TAX: Schedule B, line 28c (attach federal Form 4626) 7b			7b. .00
c. TOTAL TAX (add lines 7a and 7b) 7c			7c. .00
8. CREDITS:			
a. MAINE ESTIMATED TAX PAID 8a.			8a. .00
b. EXTENSION PAYMENT (Form 1120EXT-ME) 8b.			8b. .00
c. PAID WITH ORIGINAL RETURN AND ADDITIONAL PAYMENTS after return was filed 8c.			8c. .00
d. OTHER CREDITS (Schedule C, line 29p) 8d.			8d. .00
e. PASS-THROUGH ENTITY WITHHOLDING (attach Forms 1099ME) 8e.			8e. .00
f. TOTAL CREDITS (add lines 8a through 8e) 8f.			8f. .00
g. OVERPAYMENT on original return or as previously adjusted (enter as a positive number) 8g.			8g. .00
9. LINE 8f MINUS LINE 8g (total credits minus overpayments) 9.			9. .00
10. a. If line 7c is greater than line 9, enter the difference as TAX DUE. (If not, skip to line 11) 10a.			10a. .00
b. PENALTY FOR UNDERPAYMENT - attach Form 2220ME 10b.			10b. .00
c. TOTAL AMOUNT DUE (line 10a plus line 10b) - Remit payment with return 10c. (Make check payable to Treasurer, State of Maine)			10c. .00
11. If line 9 is greater than line 7c, enter amount to be REFUNDED 11.			11. .00
CORPORATION PRESIDENT'S NAME _____ SOCIAL SECURITY NUMBER _____			
TREASURER'S NAME _____ SOCIAL SECURITY NUMBER _____			
COMPANY'S WEB SITE ADDRESS _____			

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

DATE	OFFICER'S SIGNATURE	TITLE	Social Security Number
DATE	SIGNATURE AND ADDRESS OF PREPARER (INDIVIDUAL OR FIRM)		PREPARER'S SSN OR PTIN



File return with:
Maine Revenue Services
P.O. Box 1062
Augusta, ME 04332-1062

Office use only

LG



0500602

____ - _____
Federal EIN

SCHEDULE A - APPORTIONMENT OF TAXCheck here if this has been amended: ☐ Check here if this is as originally reported or previously adjusted: ☐Do not complete this schedule if 100% of your business activity is apportionable to Maine.

All others must complete this schedule and enter amounts in Columns A and B, even if those amounts are zero.

If this schedule is left blank or excluded, your Maine apportionment factor will be set at 100%. **Round all dollar amounts to whole numbers.**☐ Check here if the taxpayer is a mutual fund service provider electing to use the special apportionment formula under 36 M.R.S.A. § 5212(2).

(A)

(B)

(C)

Within
Maine

Everywhere

Maine Factors
Col. (A) / Col. (B)
x Statutory Weighting
Rounded to 6 Decimals

12. Total Sales _____ ÷ _____ x .50 = _____

13. Total Payroll _____ ÷ _____ x .25 = _____

14. Total Property _____ ÷ _____ x .25 = _____

If one of these factors has a value of zero in both column A and column B, see the instructions on page 7.

15. MAINE APPORTIONMENT FACTOR - Sum of lines 12, 13 and 14, column (C) 15. _____

16. GROSS TAX (page 2, line 6) 16. _____ .00

17. MAINE CORPORATE INCOME TAX (line 16 x line 15 factor). 17. _____ .00

18. What amount of line 14, column A is TANGIBLE PERSONAL PROPERTY? 18. _____ .00

SCHEDULE B - MINIMUM TAXCheck here if this has been amended: ☐ Check here if this is as originally reported or previously adjusted: ☐**Attach federal Form 4626. This schedule must be completed even if it is the same as originally filed or previously adjusted.**

19. FEDERAL ALTERNATIVE MINIMUM TAXABLE INCOME (federal Form 4626, line 7. If negative, enter a minus sign in the space to the left of the total) 19. _____ .00

20. MODIFICATIONS (see instructions for Schedule B on page 8) (if negative, enter a minus sign in the space to the left of the total) 20. _____ .00

21. TENTATIVE ALTERNATIVE MINIMUM TAXABLE INCOME. (combine lines 19 and 20) 21. _____ .00

22. EXEMPTION (see instructions) 22. _____ .00

23. ADJUSTED TENTATIVE ALTERNATIVE MINIMUM TAXABLE INCOME (line 21 less line 22) 23. _____ .00

24. APPORTIONMENT FACTOR (see instructions) 24. _____ .00

25. ALTERNATIVE MINIMUM TAXABLE INCOME (line 23 multiplied by line 24) 25. _____ .00

26. TENTATIVE MINIMUM TAX (line 25 multiplied by 5.4% [0.054]) 26. _____ .00

27. INCOME TAX (page 2, line 7a) 27. _____ .00

28a. ALTERNATIVE MINIMUM TAX PRIOR TO PINE TREE DEVELOPMENT ZONE CREDIT (line 26 minus line 27) 28a. _____ .00

28b. PINE TREE DEVELOPMENT ZONE CREDIT (from Credit Application Worksheet) 28b. _____ .00

28c. ALTERNATIVE MINIMUM TAX (line 28a minus line 28b). Enter here and on page 2, line 7b. (If less than zero, enter zero) 28c. _____ .00



0500603

Federal EIN

SCHEDULE C - OTHER CREDITS

Check here if this has been amended: ☐ Check here if this is as originally reported or previously adjusted: ☐

This schedule must be completed even if it is the same as originally filed or previously adjusted.

29. a. MAINE SEED CAPITAL TAX CREDIT	(Credit Claimed .....	) Amount Used . 29a.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
b. JOBS AND INVESTMENT TAX CREDIT	(Credit Claimed .....	) Amount Used . 29b.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
c. EMPLOYER-ASSISTED DAY CARE TAX CREDIT AND QUALITY CHILD CARE INVESTMENT CREDIT	(Credit Claimed .....	) Amount Used . 29c.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
d. EMPLOYER-PROVIDED LONG-TERM CARE BENEFITS CREDIT	(Credit Claimed .....	) Amount Used . 29d.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
e. MACHINERY AND EQUIPMENT INVESTMENT TAX CREDIT	(Credit Claimed .....	) Amount Used . 29e.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
f. BIOFUEL PRODUCTION CREDIT	(Credit Claimed .....	) Amount Used . 29f.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
g. RESEARCH EXPENSE TAX CREDIT	(Credit Claimed .....	) Amount Used . 29g.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
h. SUPER RESEARCH AND DEVELOPMENT CREDIT	(Credit Claimed .....	) Amount Used . 29h.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
i. HIGH-TECHNOLOGY INVESTMENT TAX CREDIT	(Credit Claimed .....	) Amount Used . 29i.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
j. MINIMUM TAX CREDIT	(Credit Claimed .....	) Amount Used . 29j.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
k. CREDIT FOR DEPENDENT HEALTH BENEFITS PAID	(Credit Claimed .....	) Amount Used . 29k.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
l. CLEAN FUEL CREDIT	(Credit Claimed .....	) Amount Used . 29l.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
m. HISTORIC REHABILITATION CREDIT	(Credit Claimed .....	) Amount Used . 29m.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
n. FAMILY DEVELOPMENT ACCOUNT CREDIT	(Credit Claimed .....	) Amount Used . 29n.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00
o. PINE TREE DEVELOPMENT ZONE CREDIT (from Credit Application Worksheet)	Amount Used . 29o.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00	
p. TOTAL: Add lines a through o, enter result here and on page 2, line 8c. (Credit limited to the tax liability on page 2, line 7a)	29p.	<div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div><div></div></div>	.00	

SCHEDULE D - MINIMUM TAX CREDIT

Check here if this has been amended: ☐ Check here if this is as originally reported or previously adjusted: ☐

This schedule must be completed even if it is the same as originally filed or previously adjusted.

30. a. NET STATE MINIMUM TAX FOR 2004 (2004 Form 1120XME, Schedule B, line 28c)	30a.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00
b. MINIMUM TAX CREDIT CARRYOVER FROM 2004 (2004Form 1120X-ME, Schedule D, line 30h)... PLUS	30b.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00
c. LINE A PLUS LINE B	= 30c.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00
d. REGULAR INCOME TAX LIABILITY FOR 2005 (page 2, line 7a less allowable credits – all Schedule C credits except minimum tax credit)	30d.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00
e. TENTATIVE MINIMUM TAX (Schedule B, line 26)	MINUS 30e.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00
f. LINE D MINUS LINE E (if zero or less, enter zero)	= 30f.	<div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div>	.00
g. STATE MINIMUM TAX CREDIT: enter the smaller of line c or line f here and on Schedule C, line 29j	30g.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00
h. Maine minimum tax credit CARRYOVER TO 2006 (line c minus line g)	30h.	<div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div> ' <div><div></div><div></div><div></div></div>	.00

PINE TREE DEVELOPMENT ZONES

Program Summary. Pine Tree Development Zone (PTDZ) legislation was introduced by Governor John Baldacci in early 2003 and enacted by a two-thirds majority vote of the Maine Legislature later that year. It was amended in June 2005. The initiative supports new “qualified business activity” in Maine by offering manufacturers, financial service businesses and targeted technology companies the chance to greatly reduce, or in some cases, virtually eliminate state taxes for a period of time that may be up to ten years.

Benefits Highlighted. Depending on the level of new qualified business activity conducted in a PTDZ, starting with the statutory requirement for hiring a minimum of one net new qualified employee, the tax burden of qualified businesses may be reduced through the following exemptions, reimbursements, and credits:

- Corporate Income Tax Credit (100%, Years 1-5; 50%, Years 6-10): the tax credit benefit derives from net new PTDZ payroll and property as a percentage of all Maine payroll and property;
- Insurance Premiums Tax Credit (100%, Years 1-5; 50%, Years 6-10): the tax credit benefit derives from net new PTDZ payroll and property as a percentage of all Maine payroll and property;
- Income Tax Reimbursement (80%, Years 1-10): the tax reimbursement benefit derives from income taxes withheld for net new jobs created, i.e. those qualified employees hired above the “old” employment baseline that existed in Maine prior to the expansion may be eligible for Employment Tax Increment Financing;
- Sales and Use Tax (100% Personal Property Exemption, Years 1-10): the tax exemption benefit derives from the qualified business paying no tax on all new tangible personal property purchases for its qualified business activity;
- Sales and Use Tax (100% Real Property Reimbursement, Years 1-10): the tax reimbursement benefit derives from paying no tax on all new tangible property purchases that are to be physically incorporated in, and become a permanent part of, real property of a qualified business and used in its qualified business activity; and
- Property Tax Reimbursement (up to 100% and 30 years): the tax reimbursement benefit derives from local incremental taxes on new real and personal property investments that may be returned to a business as Municipal Tax Increment Financing if approved by the host municipality.

The tax benefits described above are in addition to existing incentive programs. Also, PTDZ qualified new and expanding businesses have access to reduced electricity rates as requested by Central Maine Power, Bangor Hydro Company and Maine Public Service and approved by the Public Utilities Commission.

Legislative Intent. The PTDZ initiative is intended to encourage and reward the creation of new qualified business activity, with its accompanying employment and investment in property, in economically distressed areas of Maine. The tax benefits are tied to the qualified business activity of a qualified business operating in a PTDZ location, i.e. investments in property and payroll that would not have occurred but for the initiative and that constitute an overall gain to the business and the Maine economy. The initiative is not intended to provide tax benefits for simply shifting already existing business activity from outside a PTDZ location to inside a PTDZ location.

Eligible Businesses. Eligible businesses include firms engaged in manufacturing, financial services, and Maine’s seven targeted technology sectors: biotechnology, aquaculture and marine technology, composite materials technology, environmental technology, advanced technologies for forestry and agriculture, information technology and precision manufacturing technology.

Eight Zones. In the Fall of 2004 eight zones were designated – Aroostook County, Androscoggin Valley, Downeast, Kennebec Valley, Midcoast, Penobscot Valley, PenQuis and Southern Maine – resulting in more than 30,000 acres in over 100 municipalities available for PTDZ tax benefits.

Program Administration. The Maine Office of Business Development directly administers the program in accordance with rules that have been established by the Department of Economic and Community Development.

More Information. For more information, contact Andrea Smith by telephone at (207) 624-7457, e-mail her at andrea.smith@maine.gov, or write to her at the Department of Economic and Community Development, State House Station 59, Augusta, Maine 04333-0059, or access the program web site at www.mainebiz.org.



2005 IMPORTANT TAX LAW CHANGES

Corporate income tax apportionment. 36 M.R.S.A. § 5200. The corporate income tax calculation has been amended such that the applicable apportionment factor for each taxable corporation is applied to the *total tax* rather than to total income prior to the calculation of the tax. The change applies to tax years beginning on or after January 1, 2005. See PL 2005, c. 457, Pt. FFF, §§1 & 2.

Section 179 expense addition modification. 36 M.R.S.A. §§ 5122(1)(N) and 5200-A(1)(N). Under prior Maine law, the net effect of claiming the federal expanded IRC § 179 expense through 2005 was negated through an addition modification that increased Maine income. The expanded levels were initially enacted in the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (“JGTRRA”). Prior to the enactment of JGTRRA, certain amortizable assets were allowed \$25,000 of expense in the year of purchase, with a phase out of the benefit beginning with \$200,000 of total eligible assets purchased by the entity during the tax year. JGTRRA increased those limits to \$100,000 of allowable expense with a phase out beginning at \$400,000 of purchases, both limits indexed for inflation. Maine law required that the net difference in income related to these increases be added back to determine Maine taxable income. The new Maine law extends this addition modification through 2007 to continue the state’s decoupling from the higher federal levels that were extended for two years under section 201 of the American Jobs Creation Act of 2004 (“AJCA”). All addition modification amounts are recaptured in subsequent years through subtraction modifications spread out over the depreciable life of the related asset. See PL 2005, c. 12, Pt. P, §§ 2 & 7.

Domestic Production Activities Deduction addition modification. 36 M.R.S.A. §§ 5122(1)(X) and 5200-A(1)(S). The American Jobs Creation Act of 2004 (“AJCA”) included a deduction of a percentage of the lesser of taxable income (adjusted gross income for individuals) or qualified production activities income (3% for 2005-06, 6% for 2007-09 and 9% for 2010 and beyond). Maine requires an addition modification to add back the federal deduction for determining Maine taxable income. See PL 2005, c. 12, Pt. P, §§4 & 9.

Gain on the sale of a partnership interest. 36 M.R.S.A. §§ 5142 and 5211. Sale of a partnership interest, on or after July 1, 2005, by a corporation engaged in a multistate business activity is attributed to Maine to the extent of the ratio of the partnership’s tangible property located in Maine to tangible property located everywhere, determined based on original cost. See PL 2005, c. 12, Pt. MMMM, §§ 1 & 2.

Work Opportunity and Empowerment Zone modifications. 36 M.R.S.A. §§ 5122(2)(B) & 5200-A(2)(C). The amount of the Maine income tax modifications related to the federal work opportunity credit and the empowerment zone employment credit is clarified. The amount of the Maine modifications is equal to the reduction of the federal salaries and wages expense deduction as a result of claiming the federal credits. See PL 2005, c. 218, §§ 52 & 55.

Biofuel production credit. 36 M.R.S.A. § 5219-X. The credit is amended to add a requirement so that, in order to qualify for the credit, a taxpayer must produce the biofuel commercially and must receive income derived from the sale of biofuel. These changes are retroactive to tax years beginning on or after January 1, 2004. See PL 2005, c. 330.

Gains from the sale of timberlands. 36 M.R.S.A. § 5200-A(2)(P). An income modification is provided in an amount equal to $6\frac{2}{3}\%$ of the gain realized on the sale of eligible timberlands as defined in 36 M.R.S.A. § 5200-A(2)(P) held by the taxpayer for at least a ten-year period beginning on or after January 1, 2005. The modification is increased incrementally by $6\frac{2}{3}$ percentage points for each additional year beyond the tenth year the property is held by the taxpayer, up to 100%. The modification may not reduce Maine taxable income (Maine adjusted gross income for individuals) to less than zero; however, unused portions may be carried forward for up to ten years. The deduction will first be available for tax years beginning in 2015 for eligible taxpayers. See PL 2005, c. 416.

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Unclaimed Property Reporting Requirement
33 M.R.S.A. Chapter 41
Annual Unclaimed Property Reports Due 11/01
Gift Cards and Life Insurance Reports Due 5/01
Forms, Instructions, Extensions and
Electronic Filing available at:
www.maine.gov/unclaimed
Office of the Maine State Treasurer